

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ended 30 June 2017

< Diversify
< Grow
< Outperform

Special points of interest:

- Advent 6 exits investee company Orionstone following the successful recapitalisation and merger with ASX listed Emeco Holdings Limited and Andy's Earthmoving.
- VPEG distributes a 6.5c per share Return of Capital to all Shareholders following approval at the General Meeting held on 6 June 2017.
- Across the 12 months ended 30 June 2017, VPEG Shareholders received total distributions of \$20,896 for each 100,000 shares held.

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SUMMARY

Background

Vantage Private Equity Growth Limited (VPEG) is a multi-manager Private Equity investment company structured as an unlisted Australian public company. VPEG is focused on investing in professionally managed Private Equity funds that invest in businesses that are at a more mature stage of development, and in particular the Later Expansion and Buyout stages of Private Equity investment.

The Company's investment objective for its Investment Portfolio is to achieve attractive medium to long-term returns on Private Equity investments while keeping the volatility of the overall investment portfolio low. This is achieved by investing across a highly diversified portfolio of Private Equity assets with diversification obtained by allocating across manager, geographic region, financing stage, industry sector and vintage year.

VPEG has invested the majority of its Investment Portfolio into Australian based Private Equity funds who in turn are focused on investing into small to mid-market sized companies with enterprise value at initial investment of generally between \$20m and \$500m.

VPEG's investment portfolio is now being divested over time and with total initial commitments of \$43m across seven Private Equity funds, it held interests in 19 underlying companies at quarter end with 30 exits completed from the portfolio.

As at 30 June 2017, VPEG's investment commitments included, \$8m to Archer Capital Fund 4 and Catalyst Buyout Fund 2, \$7m to Next Capital II and \$4m to each of Advent V, Crescent Capital Partners III and Equity Partners Fund No. 3. VPEG's investment commitment of \$8m to Quadrant Private Equity No. 2 ended upon the termination of the fund in July 2016 following the final exit of its last underlying company investment in June 2016.

Important Information

This report has been prepared by Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 (VAM) (in its capacity as Investment Manager of Vantage Private Equity Growth Limited (ABN 51 112 481 875)). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should seek their own advice about an appropriate investment or investment strategy. It should not be relied upon as personal advice nor is it an offer of any financial product.

Performance

The period 1 April 2017 to 30 June 2017 saw continued activity within VPEG's private equity investment portfolio.

During the period, one underlying company investment was exited from VPEG's private equity investment portfolio.

As a result, the remaining number of investments held within VPEG's underlying Private Equity portfolio at quarter end, reduced to 19.

The table to the right provides a summary of the performance of VPEG's portfolio during the June 2017 quarter. As demonstrated, VPEG's NAV decreased from \$0.448 to \$0.387 per share.

The decrease in VPEG's NAV of \$0.061 per share during the quarter resulted predominantly from the \$0.065 per share Return of Capital paid to all shareholders in June 2017 exceeding the increase in value of underlying portfolio companies and the interest earned on VPEG's cash and fixed interest investments.

Month Ending	VPEG NAV per Ordinary Share*
30-Jun-17	0.387
31-May-17	0.441
30-Apr-17	0.447
31-Mar-17	0.448

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

The period 1 April 2017 to 30 June 2017 saw continued activity within VPEG's Private Equity investment portfolio, with one exit from Advent V.

No draw downs were called by underlying funds or paid by VPEG during the quarter.

On 27 April 2017, **Advent V** completed the exit of **Orionstone** following the successful recapitalisation and merger with ASX listed Emeco Holdings Limited and Andy's Earthmoving.

Also during the June quarter, a total of **\$2,410,962** in distributions were received by VPEG from **Equity Partners 3**, following the sale of underlying investee company E-Co Products Group (formerly HRV) announced last quarter.

In addition, on 13 June 2017, VPEG paid a \$0.065 per share Return of Capital to all VPEG Shareholders subsequent to shareholder approval at a general meeting held on 6 June 2017. Across the 12 months ending 30 June 2017, VPEG paid total distributions¹ to Shareholders of \$20,896 for every 100,000 shares held. Since inception VPEG has now paid total distributions of \$133,523 for every 100,000 shares, which includes \$132,111 paid across the past 7 years. See graph on page 3 for further detail.

The number of exits from the underlying portfolio is set to continue as a number of underlying funds work towards finalising their investment strategies for their remaining investment portfolio to deliver value to their investors including VPEG.

With 30 exits completed, 19 underlying Private Equity company investments remained within VPEG's underlying portfolio as at 30 June 2017.

"Across the 12 months ended 30 June 2017, VPEG Shareholders received total distributions of \$20,896 for each 100,000 shares held."

¹ Includes Franking Credits.

Overview of Recent Exit

Orionstone—Trade Sale — Advent V

During the last quarter, Advent V ('Advent V') announced Orionstone had effectively completed the three way merger and recapitalisation with ASX listed Emeco Holdings Pty Ltd ('Emeco') and Andy's Earthmovers Pty Ltd ('Andys'). Following the merger, the shares acquired in Emeco were sold by Advent V in an off-market transaction on 27 April 2017 to an International Investment Fund Manager.

Advent V acquired Orionstone in July 2011 and was one of the leading rental providers of heavy earthmoving equipment to the mining, infrastructure and oil and gas industries in Australia. Orionstone operated primarily in Western Australia and Queensland, its customers included major mine owners and leading mining and infrastructure contractors—primarily involved in open-cut and surface mining operations.

During the investment period, Orionstone was heavily impacted by the challenging market conditions experienced in the cyclical mining sector. Volatility in commodity prices impacted areas critical to the performance of companies in the mining services industry, resulting in increased competition amongst the remaining market participants. The down turn in the mining industry however became more protracted and severe than originally anticipated. As a result a number of initiatives were undertaken by management and Advent V to ensure the viability of the business during the downturn. One of the later initiatives included the resulting three way merger and recapitalisation of ASX listed Emeco Holdings.

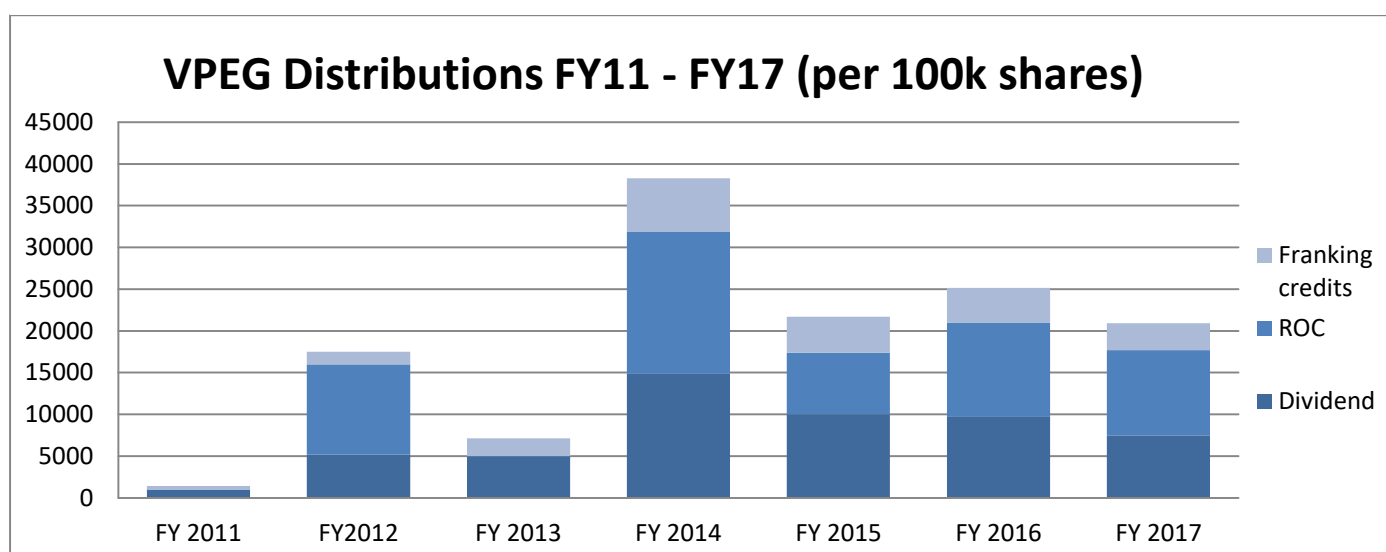
The successful completion of the merger and subsequent sale of the shares received from the merger, resulted in a positive outcome for Advent V investors including VPEG, compared to the carrying value of the investment, particularly in light of the continuing difficult industry conditions for the mining services industry.



"Advent 6 exits investee company Orionstone following the successful recapitalisation and merger with ASX listed Emeco Holdings Limited and Andy's Earthmoving."

VPEG Distributions per 100,000 Shares

The chart below details VPEG distributions paid to shareholders since 2011 per 100,000 shares held. As demonstrated by the chart, VPEG has paid total distributions of \$132,111 per 100,000 shares, across the past 7 years with \$106,025 of these distributions paid since November 2013.



PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 30 June 2017

The tables and charts below provide information on the breakdown of VPEG's underlying investments as at 30 June 2017.

Current Investment Portfolio Allocation*

The following table provides the split of VPEG's current investment portfolio across cash, fixed interest securities (term deposits) and Private Equity.

The Private Equity component of the portfolio is further broken down by the investment stage (Later Expansion or Buyout) of the underlying investments that currently make up VPEG's Private Equity portfolio.

"As at 30 June 2017, VPEG ultimately held interests in 19 underlying company investments."

Cash	Fixed Interest	Private Equity	
19.8%	0.0%	Later Expansion	23.6%
		Buyout	56.6%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 June 2017 VPEG's Gross Assets were \$11.7 million pre tax.

During the quarter, VPEG's exposure to Private Equity investments decreased from 83.1% to 80.2% with the cash and fixed interest component of the portfolio increasing from 16.9% to 19.8% of total portfolio value. The increase in VPEG's cash and fixed interest investments during the quarter was due to the net increase in cash held by VPEG as a result of the \$2.41m in distributions received during the quarter, less the \$2.3m Return of Capital distributions paid to VPEG shareholders in mid June. The decrease in VPEG's exposure to private equity investments was due to the exit from the portfolio of each of Eco-Co Products Group (HRV) and Orionstone.

Private Equity Portfolio

VPEG, with remaining commitments to six Private Equity funds, ultimately held interests in 19 underlying company investments, at quarter end. VPEG's Private Equity portfolio and commitments, as at 30 June 2017, were as follows:

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG Commitment	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Advent V	\$300m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$4.00m	8	5
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.27m	10	7
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$6.10m	7	2
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.95m	6	4
Equity Partners Fund No. 3	\$76m	2007	Small Market Expansion / Buyout	\$4.0m	\$3.69m	6	3
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$6.06m	7	4
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$7.06m	5	5
Total				\$43.0m	\$38.12m	49	30

Summary of VPEG's Top 10 Underlying Private Equity Investments

The table below provides an overview of the top ten underlying Private Equity investments in VPEG's portfolio, for which funds had been drawn from VPEG, as at 30 June 2017.

Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Scottish Pacific (Value of remaining shares held following IPO in July 16)	Next Capital II	Provider of Debtor Finance Services	13.8%	14.7%
2	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	11.0%	25.7%
3	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	10.7%	36.3%
4	Aussie Farmers Group	Equity Partners III	Fresh Food Home Delivery Business	6.9%	43.3%
5	GroundProbe	Crescent Capital Partners III	Slope Stability Monitoring Systems	5.8%	49.0%
6	Adairs (Value of remaining shares held following IPO in June 15)	Catalyst Buyout Fund 2	Specialty Retailer of Homewares and Soft Furnishings	5.0%	54.0%
7	Steel-line	Crescent Capital Partners III	Manufacture, Distribution and Installation of Garage Doors	4.6%	58.6%
8	Morris Corporation	Catalyst Buyout Fund 2	Remote Facilities Management & Accommodation Services	4.4%	63.0%
9	Vesco	Catalyst Buyout Fund 2	Manufacturer of frozen meals and meal components	2.6%	65.6%
10	Discovery Holiday Parks	Next Capital II	Caravan & Cabin Park Owner & Operator	2.3%	67.9%

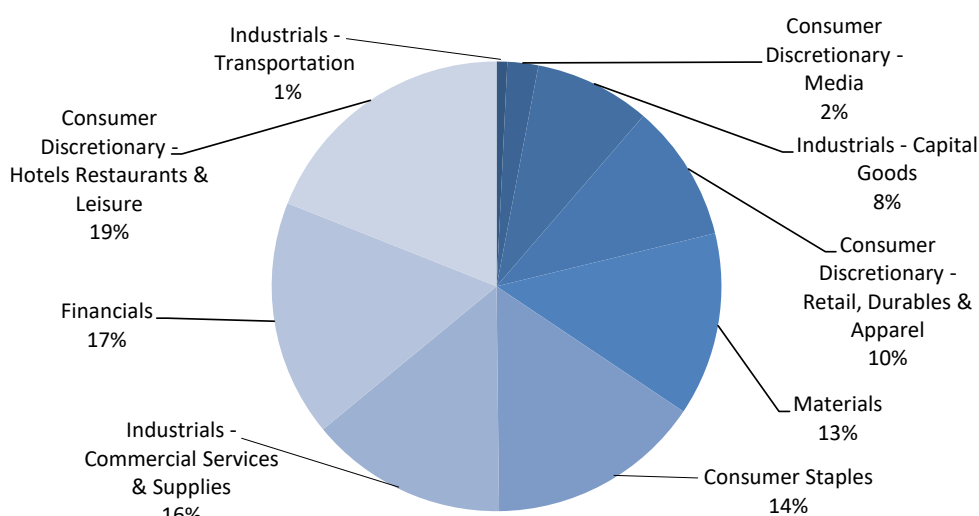
*As at 30 June 2017 (unaudited) calculated on VPEG's pre tax Net Asset Value (NAV).

Industry Spread of VPEG's Underlying Investments

VPEG's "Industrials—Capital Goods" sector exposure decreased from 28% to 8% due to the sale of Equity Partners III investee, E-Co Products Group (HRV) in April 2017.

As a result, remaining sector exposure has increased accordingly or in line with changes in underlying values of the investment companies within the sector.

The "Consumer Discretionary—Hotels Restaurants & Leisure" sector is currently VPEG's largest industry exposure, representing 19% of the value of VPEG's total Private Equity portfolio at 30 June 2017.



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