

VANTAGE PRIVATE EQUITY GROWTH LIMITED

QUARTERLY REPORT
30 SEPTEMBER 2019

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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.

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 being divested over time and with total initial commitments of \$43m across seven Private Equity funds, it held interests in five remaining underlying companies plus three residual holdings in previously exited companies, of which two are now ASX listed companies at quarter end, with 44 exits completed from the portfolio.

As at 30 September 2019, VPEG's remaining investment commitments included, \$8m to Archer Capital Fund 4 and Catalyst Buyout Fund 2 and \$4m to Advent V. VPEG's investment commitment of \$8m to Quadrant Private Equity No. 2 ended upon the termination of that fund in July 2016 following the final exit of its last underlying company investment in June 2016. VPEG's investment commitment of \$4m to Crescent Capital Partners III ended upon the termination of that fund in June 2018 following the final exit of its last portfolio company in March 2018. VPEG's investment commitment of \$7m to Next Capital II ended upon termination of that fund in June 2019 with the final distributions received following their final exit of its last portfolio company in November 2018. VPEG's investment commitment of \$4m to Equity Partners Fund No. 3 ended upon the sale of their last portfolio company during the September 2019 quarter with the residual proceeds of the fund to be received by VPEG during the December 2019 quarter.

SPECIAL POINTS OF INTEREST

ARCHER CAPITAL FUND 4 COMPLETES THE SALE OF CRAVEBALE BRANDS TO PAG ASIA CAPITAL, WITH VPEG'S SHARE OF THE PROCEEDS RECEIVED DURING AUGUST 2019.

AS A RESULT OF THIS EXIT, VPEG DIRECTORS HAVE RECOMMENDED A RETURN OF CAPITAL DISTRIBUTION OF \$707,461 (2.0C / SHARE) TO BE PAID TO SHAREHOLDERS DURING DECEMBER 2019.

WITH 44 EXITS COMPLETED FROM THE UNDERLYING PORTFOLIO, VPEG ULTIMATELY HELD INTERESTS IN 5 REMAINING UNDERLYING COMPANY INVESTMENTS WITH 3 RESIDUAL HOLDINGS OF PREVIOUSLY EXITED COMPANIES AT 30 SEPTEMBER 2019.

PERFORMANCE

The period 1 July 2019 to 30 September 2019 saw continued divestment activity across VPEG's remaining private equity investment portfolio.

The number of investments held within VPEG's underlying Private Equity portfolio at quarter end, reduced to five. In addition, VPEG ultimately held interests in the listed shares of two residual holdings of previously listed portfolio companies and the escrowed sale proceeds of another previously exited company.

During the September 2019 quarter, VPEG received a total distribution of \$729,741. The distribution was received from Archer Capital 4 following the realisation of investment proceeds from the completed exit of Craveable Brands during July 2019.

The table to the right provides a summary of the performance of VPEG's Net Asset Value (NAV) during the September 2019 quarter. As demonstrated, VPEG's NAV slightly decreased from \$0.157 per share to \$0.152 per share.

The slight decrease in VPEG's NAV across the quarter, resulted predominately from a reduction in the mark to market holding value of previously exited and now ASX listed investments as at 30 September 2019.

Month Ending	VPEG NAV per Ordinary Share*
30-Sep-19	0.152
31-Aug-19	0.150
31-Jul-19	0.151
30-Jun-19	0.157

* Net Asset Value (NAV) per share post tax

KEY PORTFOLIO DEVELOPMENTS

The period 1 July 2019 to 30 September 2019 saw the completion of the sale one portfolio company from an underlying fund with sale proceeds being received by VPEG during the period. Additionally, the sale of the remaining assets of another underlying company was also completed during the quarter with the distribution proceeds to be received by VPEG during the December 2019 quarter.

KEY PORTFOLIO DEVELOPMENTS Cont.

In July 2019, Archer Capital Fund 4 completed the sale of portfolio company Craveable Brands to PAG Asia Capital with VPEG receiving its share of the sale proceeds during August 2019. Following the receipt of this distribution by VPEG, the directors of VPEG recommended a Return of Capital distribution of \$707,461 (2.0c / share) to be paid to Shareholders during December 2019 subject to a Shareholder vote at the company's Annual General Meeting to be held on 28 November 2019.

In August 2019, Equity Partners Fund 3 completed the sale Amalgamated Hardware Merchant (AHM) to Kiwicare a New Zealand company specialising in developing and distributing pest control, garden care and outdoor cleaning products. As a result, a distribution of the final fund proceeds from Equity Partners Fund 3 will be received by VPEG during the December 2019 quarter.

With 44 exits completed, 5 underlying Private Equity company investments remained within VPEG's underlying portfolio as at 30 September 2019.

All remaining companies in VPEG's underlying portfolio are in the process of being exited over the remainder of 2019 and into 2020, as all underlying fund managers work towards creating an exit path for their remaining investee companies, as each of their funds reach the end of their fund life in 2020.

OVERVIEW OF RECENT EXITS

Craveable Brands - Archer Capital 4



On 12 July 2019, PAG Asia Capital, the private equity buyout arm of investment firm PAG, acquired 100% of Craveable Brands from Archer Capital Fund 4 and minority shareholders for approximately \$480 million.

Craveable is the largest Australian-owned operator of quick service restaurants across Australia under the Oporto, Red Rooster and Chicken Treat brands. It also has a growing international network, with stores in New Zealand, Singapore and Sri Lanka and soon to open in Vietnam and a number of countries in the Middle East.

Throughout Archer's ownership, Craveable Brands grew to over 580 restaurants across Australia, New Zealand and Asia, generating over \$800m of annual network sales, employing more than 12,500 staff and serving over 150,000 customers per day. Craveable Brands has extensive intellectual property, now focusing on restaurant operations, supply chain, franchising, IT, marketing, store design and construction, food innovation, and customer satisfaction.

OVERVIEW OF RECENT EXITS

Cont.

Amalgamated Hardware Merchant - Equity Partners Fund 3



On 1 August 2019, Equity Partners Fund 3 completed the sale Amalgamated Hardware Merchant (AHM) to Kiwicare, a New Zealand company specialising in developing and distributing pest control, garden care and outdoor cleaning products to major and individual retail outlets, government, landowners and professional operators throughout New Zealand.

Equity Partners Fund 3 acquired a majority shareholding in AHM in December 2012. Established in 1980, AHM is a distributor of mainly its own branded gardening, camping, outdoor and home improvement products in the hardware / home improvement market in New Zealand and Australia.

Key banner brands include “McGregor’s”, “Campmaster” and “Atlas”. The products are sold via a well established and diversified distribution network consisting of big box retailers, discount department stores, specialty retail stores and independent retailers.

As a result of the sale of this final underlying company in Equity Partners Fund 3, the fund will now be wound up with a distribution of the final fund proceeds to be received by VPEG during the December 2019 quarter.

PORTFOLIO STRUCTURE

With 44 exits completed from the underlying portfolio, VPEG ultimately held interests in 5 underlying company investments at 30 September 2019

VPEG's Portfolio Structure – 30 September 2019

The tables and charts below provide information on the breakdown of VPEG's underlying investments as at 30 September 2019.

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.

During the quarter, VPEG's exposure to Private Equity investments decreased from 89.25% to 74.91% with the cash and fixed interest component of the portfolio increasing from 10.75% to 25.09% of the total portfolio value.

The reduction in private equity investments and the increase cash and fixed interest was due to the distribution received by VPEG from Archer Capital Fund 4 resulting from the completed exit of Craveable Brands during the quarter.

Cash	Fixed Interest	Private Equity	
16.33%	8.76%	Later Expansion	4.45%
		Buyout	70.46%

PRIVATE EQUITY PORTFOLIO

VPEG, with remaining commitments to three Private Equity funds, ultimately held interests in 5 underlying company investments and 3 residual holdings in previously exited / ASX listed companies, at quarter end. VPEG's Private Equity portfolio and commitments, as at 30 September 2019, 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	8
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.27m	10	9
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$6.38m	7	3
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.95m	6	6
Equity Partners Fund No. 3	\$76m	2007	Small Market Expansion / Buyout	\$4.0m	\$3.69m	6	6
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$6.18m	7	7
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$7.06m	5	5
Total				\$43.0m	\$38.53m	49	44

Summary of VPEG's Top 10 Underlying Private Equity Investments

The table below provides an overview of the top ten underlying Private Equity investments and residual holdings remaining in VPEG's portfolio as at 30 September 2019.

Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Vesco	Catalyst Buyout Fund 2	Manufacturer of frozen meals and meal components	23.1%	23.1%
2	Adairs	Catalyst Buyout Fund 2	Specialty Retailer of Homewares and Soft Furnishings	15.8%	38.9%
3	Dusk	Catalyst Buyout Fund 2	Specialty Retailer of Homewares	14.5%	53.3%
4	V8 Supercars	Archer Capital Fund 4	Motor racing events	12.1%	65.4%
5	Cirrus Media	Catalyst Buyout Fund 2	Australia's largest business to business media company	5.4%	70.7%
6	Pro-Pac Packaging Limited	Advent V	Manufacturer & Distributor of Packaging Products	4.4%	75.1%
7	Morris Corporation	Catalyst Buyout Fund 2	Remote Facilities Management & Accommodation Services	0.5%	75.6%
8	AHM	Equity Partners 3	Supplier of gardening, camping, outdoor and lifestyle products	0.2%	75.9%
9	Trivantage Group	Advent V	Electrical Engineering Contracting & Switchboard Manufacturer	0.1%	76.0%

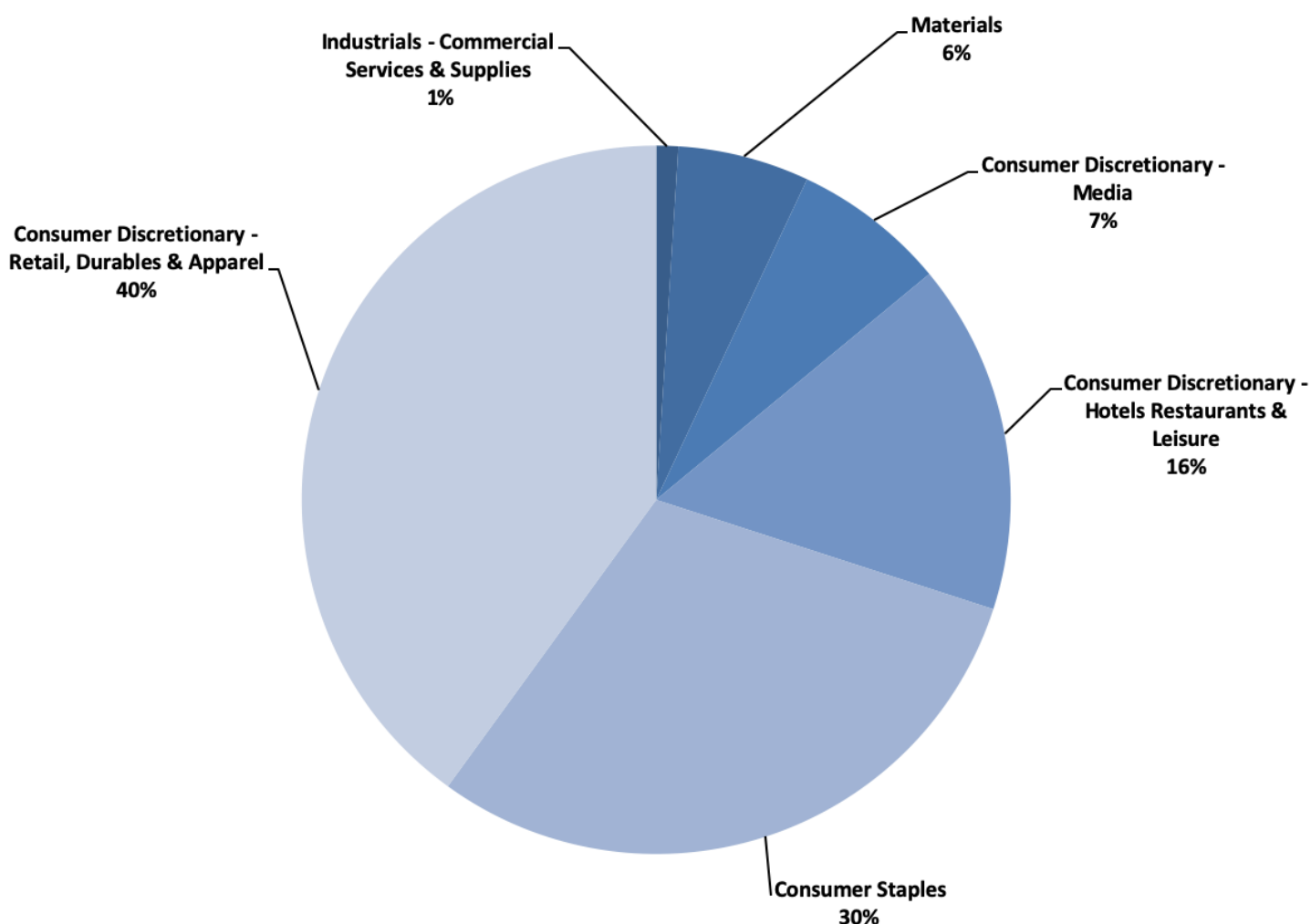
*As at 30 September 2019 (unaudited) calculated on VPEG's Pre-Tax Net Asset Value (NAV).

Industry Spread of VPEG's Underlying Investments

As a result of the exit of Craveable Brands from Underlying investee Archer Capital Fund 4 during the quarter, the “Consumer Discretionary - Hotels Restaurants & Leisure” industry sector decreased from 33% to 16% at quarter end.

Due to this exit and other revaluations across the underlying portfolio during the September 2019 quarter, the spread of VPEG’s remaining portfolio investments altered across a range of industry segments.

The “Consumer Discretionary - Retail, Durables & Apparel” industry sector consisting of underlying companies Adairs & Dusk, represented VPEG’s largest industry sector exposure at 40% at quarter end.



VPEG4 Completes First Close & Remains Open for Investment

Vantage Private Equity Growth 4 (VPEG4) recently completed its first close with more than 30 investors committing approximately \$20m, enabling VPEG4 to commence its investment program. VPEG4 also remains open for investment for new investors and will conduct monthly closes until its target fund size of \$100m is reached.

VPEG4 is an Australian Private Equity Fund of Funds established to provide investors with access to the superior returns consistently delivered by the top performing Later Expansion and Buyout Private Equity Funds in Australia. VPEG4 will continue with the same successful investment strategy implemented by Vantage's previous funds, which at 30 September 2019 had investments across 23 Australian Private Equity Funds, who in turn had invested in 122 companies across a broad range of industry sectors and had exited (sold) 51 of these investments generating a gross 2.5x multiple of invested capital. VPEG4 is targeting to deliver a net return after fees of 20% p.a. to investors over a four to six-year investment timeframe.

If you would like to learn more about VPEG4 please contact your wealth manager or financial adviser. Alternatively if you would like to receive a call or request a meeting with a Vantage executive to discuss VPEG4 please call +61 2 8211 0477 or email info@vantageasset.com or visit www.vpeg4.info for more information.



CONTACT DETAILS

VANTAGE PRIVATE EQUITY GROWTH LIMITED

Level 25, Aurora Place
88 Phillip Street
Sydney NSW, 2000
Australia

Email: enquiries@vpeg.info
Website: www.vpeg.info

INVESTMENT MANAGER

VANTAGE ASSET MANAGEMENT PTY LIMITED

Managing Director - Michael Tobin

Phone: +61 2 8211 0477

Fax: +61 2 8211 0555

Email: info@vantageasset.com

Website: www.vantageasset.com