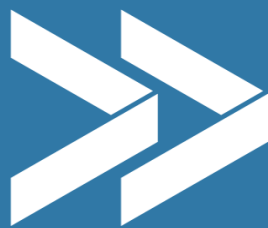


VPEG

DIVERSIFY
GROW
OUTPERFORM



Vantage Private Equity Growth Limited
Quarterly Report
30 September 2020



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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

Vantage Private Equity Growth Limited (VPEG) is a multi-manager Private Equity investment company structured as an unlisted Australian public company. VPEG was established to invest 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 invested its Investment Portfolio into Australian based Private Equity funds who in turn were focused on investing into lower 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 four remaining underlying companies plus three residual holdings in previously exited companies, of which one is an ASX listed company, with 45 exits completed from the portfolio, at quarter end

As at 30 September 2020, VPEG's remaining investment commitments were \$8m to each of Archer Capital Fund 4 and Catalyst Buyout Fund 2.

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 received by VPEG during the December 2019 quarter. VPEG's investment commitment of \$4m to Advent V ended upon termination of that fund in September 2020 with the final distributions received following their final exit of its last portfolio company in July 2020.

SPECIAL POINTS OF INTEREST

Advent V sells their remaining 11.6% shareholding in ASX listed Pro-Pac Packaging Group, with the sale completed in July 2020, netting \$13 million in proceeds

Catalyst Buyout Fund 2 commences preparations for the IPO of Dusk, following its record financial performance for FY20

Three portfolio companies representing 93.2% of VPEG's NAV reported strong trading performance as consumer sentiment improved across the quarter

PERFORMANCE

The period 1 July 2020 to 30 September 2020 saw continued activity across VPEG's remaining Private Equity portfolio with the shares of a previously exited and now ASX listed company sold during the quarter with the sale of those shares being completed in early July 2020.

As a result, the number of investments remaining within VPEG's underlying portfolio at quarter end was four. In addition, VPEG held residual / earn out interests in one previously exited portfolio company, as at 30 September 2020.

The table below provides a summary of the performance of VPEG's Net Asset Value (NAV) during the September quarter. As demonstrated, VPEG's NAV per share reduced slightly across the quarter from \$0.079 at 30 June 2020 to \$0.077 at 30 September 2020. The slight reduction in VPEG's NAV across the quarter was due to VPEG expenses and underlying fund management fees exceeding the increase in unrealised value of three of the four remaining underlying companies in VPEG's portfolio at quarter end.

KEY PORTFOLIO DEVELOPMENTS

The period 1 July 2020 to 30 September 2020, saw the completion of the sale of the remaining shares from a previously exited and now ASX listed company, with the sale proceeds being received by VPEG during the quarter.

Distributions totalling \$303,419 were received by VPEG during the quarter from Advent V, Archer Capital Fund 4 and Catalyst Buyout Fund 2.

As reported in the VPEG June 20 quarterly report, Advent sold their remaining 11.6% shareholding in Pro-Pac Packaging Group (PPG:ASX) on 6 July 2020 at \$0.14 per share resulting in net proceeds to Advent V of approximately \$13 million. This resulted in the proceeds of this final exit from Advent V being distributed to Advent V investors including VPEG during September 2020.

Month Ending	VPEG NAV per Ordinary Share*
30-Sep-20	0.077
31-Aug-20	0.078
31-Jul-20	0.079
30-Jun-20	0.079

* Net Asset Value (NAV) per share post tax

The distribution received from Archer was due to the final earnout payment from the previous sale of Craveable Brands to PAG Private Equity. The distribution received from Catalyst resulted from a dividend payment by portfolio company Dusk following its strong financial performance across FY20.

Additionally, during the quarter, Catalyst Buyout Fund 2 continued to evaluate exit options for underlying portfolio company Dusk. With support from the underwriting parties Dusk successfully listed on the ASX on 2 November 2020, with Catalyst selling down 60% of the funds pre IPO shareholding upon listing.

This exit has provided Catalyst Buyout Fund 2 investors, including VPEG, with an exceptional return. More details of the metrics of the realisation of Dusk are provided below

With 45 exits completed, four underlying Private Equity company investments remained within VPEG's underlying portfolio as at 30 September 2020.

All remaining companies in VPEG's underlying portfolio are in the process of being exited over the remainder of 2020 calendar year and into 2021, as 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.

VPEG UNDERLYING PORTFOLIO UPDATE

The portfolio update below provides an overview of the value enhancing initiatives undertaken across the three largest remaining companies in VPEG's underlying portfolio that constitute 93.2% of VPEG's remaining private equity exposure at quarter end.

DUSK - CATALYST BUYOUT FUND 2



Dusk is Australia's leading specialty retailer of candles, home fragrance and giftware products, with over 90 stores and sales in excess of \$100m. The business is differentiated by innovation in its product range and a significant in-house development capability. It manufactures a broad range of its candle products at its Perth based factory while less technical products are directly sourced from other suppliers. The vast majority of products are sold under Dusk's own brand.

Dusk represented 41.6% of VPEG's remaining Private Equity portfolio as at 30 September 2020.

Dusk's performance in the September 2020 quarter was exceptionally strong relative to the prior year, which is a continuation of strong trading results seen through the majority of FY20 and the two preceding years.

Following Dusk's continued strong financial performance, Catalyst executed an underwriting agreement in October 2020 for the IPO of Dusk in early November 2020.

As a result, Dusk subsequently listed on the ASX on Monday 2 November 2020 at an IPO issue price of \$2.00 per share. The IPO of Dusk and resulting return of cash from both a pre-IPO dividend and sell down of 60% of Catalyst's pre-IPO shareholding crystallised a top quartile return for Catalyst investors including VPEG.

The IPO was priced at 10.0 x September 2020 Last Twelve Months Net profit after tax, and valued the Company at a \$120 million Enterprise Value, with an indicative dividend yield of 7%.

Catalyst's residual stake is held under an escrow arrangement until the release of the FY21 result (in September 2021). There is an early release mechanism in respect of 40% of Catalyst's residual shareholding, which is subject to the shares trading >20% (\$2.40) above the IPO issue price following the release of the first half FY21 results around February 2021.

The dusk IPO delivered a distribution to Catalyst investors on 11 November 2020 with VPEG's share of the net sell down proceeds equating to \$700,000. VPEG expects to distribute this return to all Shareholders in early 2021.

VESCO - CATALYST BUYOUT FUND 2



Vesco, is a frozen ready meals and components business and is a market leader in the private label and contract manufacturing segments primarily servicing the Retail channel to customers including Australia's leading supermarket chains and global food brand names. It also services Health and Food Services, QSR and the export channels. Vesco has two manufacturing facilities; one in WA and one in QLD and generates sales of ~\$120m.

Vesco represented 41.3% of VPEG's remaining Private Equity portfolio as at 30 September 2020.

During the September 2020 quarter, Vesco demonstrated strong revenue and earnings growth due to a new product release program that occurred during the period. The "rebirth" of the Lean Cuisine range and augmentation of the Super Nature range with a new premium offering represents the largest new product release programme in the history of Vesco. Management reports that there are encouraging signs from the new product release program, with good week to week uplifts as sales improve.

SUPERCARS - ARCHER 4



The Virgin Australia Supercars Championship (formally Australian Touring Car Championship) is the premier motorsport category in Australasia and one of Australia's biggest sports. Globally, it is recognised as the best touring car category in the world and a leader in motorsport entertainment.

Supercars represented 10.3% of VPEG's remaining Private Equity portfolio as at 30 September 2020.

The September quarter of the 2020 Virgin Australia Supercars Championship continued to be influenced by the directions of the Federal and State governments and their response plan to control the spread of COVID-19. Restrictions were in place on the QLD and Northern Territory borders denying entry to residents of both NSW and Victoria resulting in significant logistical challenges for the delivery of the Championship events during the quarter.

During September 2020, V8 Supercars signed a new five-year agreement with Foxtel and Seven West, in a deal which will see the motorsport return to free to air TV for the first time since 2014.

Media sources reveal the deal to include cash payments, contra (free advertising) and revenue sharing arrangements, which would be worth more than \$200 million over five years.

Sources also reported that the deal worked well for Supercars and the broadcasters, with revenue-sharing components helping to build the deal and variable costs for broadcasters, essentially letting Supercars back itself to perform and get rewarded when it does.

As a result of the finalisation of the media rights agreement through to the end of 2025, Archer will look to engage with interested parties for the sale of their share of Supercars during 2021.

PORTFOLIO STRUCTURE

VPEG's PORTFOLIO STRUCTURE - 30 SEPTEMBER 2020

The tables and charts below provide information on the breakdown of VPEG's underlying investments as at 30 September 2020.

CURRENT INVESTMENT 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 90.1% to 81.8% with the cash and fixed interest component of the portfolio increasing from 9.9% to 18.2% of the total portfolio value.

The reduction in VPEG's exposure to Private Equity and subsequent increase to Cash and Fixed Interest investments was due to the receipt of distributions from Advent, Archer and Catalyst by VPEG during the quarter as detailed above.

Cash	Short Term Deposits	Private Equity	
6.5%	11.7%	Later Expansion	0.0%
		Buyout	81.8%

PRIVATE EQUITY PORTFOLIO

VPEG, with remaining commitments to two Private Equity funds, ultimately held interests in 4 underlying company investments as well as residual holdings of one previously exited company. VPEG's Private Equity portfolio and commitments, as at 30 September 2020, were as follows:

Private Equity Fund Name	Fund / Deal Size	Vintage Year	Investment Focus	VPEG Commitment	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Advent V	\$300m	2006	Lower 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	4
Crescent Capital Partners III	\$400m	2006	Lower to Mid Market Expansion / Buyout	\$4.0m	\$3.95m	6	6
Equity Partners Fund No. 3	\$76m	2007	Lower Market Expansion / Buyout	\$4.0m	\$3.69m	6	6
Next Capital II	\$285m	2008	Lower to Mid Market Expansion / Buyout	\$7.0m	\$6.18m	7	7
Quadrant Private Equity No. 2	\$500m	2007	Lower to Mid Market Expansion / Buyout	\$8.0m	\$7.06m	5	5
Total				\$43.0m	\$38.53m	49	45

SUMMARY OF VPEG'S REMAINING UNDERLYING PRIVATE EQUITY INVESTMENTS

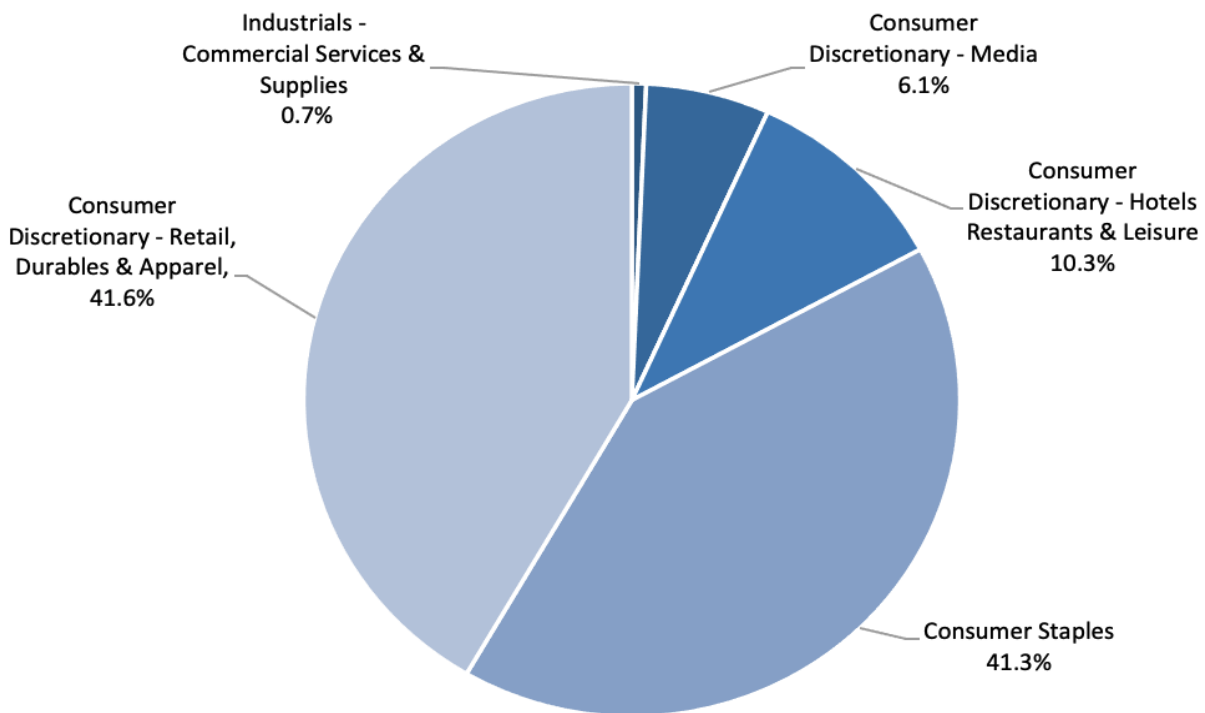
The table below provides an overview of the remaining underlying Private Equity investments and residual holdings in VPEG's portfolio as at 30 September 2020.

Rank	Investment	Fund	Description	% of VPEG's Private Equity Portfolio	Cumulative %
1	Dusk	Catalyst Buyout Fund 2	Specialty Retailer of Candles	41.6%	41.6%
2	Vesco	Catalyst Buyout Fund 2	Manufacturer of frozen meals and meal components	41.3%	82.9%
3	Supercars	Archer Capital Fund 4	Premier Motor Sport Events	10.3%	93.2%
4	Cirrus Media	Catalyst Buyout Fund 2	Australian business to business media company	6.1%	99.3%
5	Morris Corporation	Catalyst Buyout Fund 2	Remote Facilities Management & Accommodation Services	0.7%	100%

Note: as at 30 September 2020 (unaudited) calculated on VPEG's Pre-Tax Net Asset Value (NAV).

INDUSTRY SPREAD OF VPEG'S UNDERLYING INVESTMENTS

As consumer sentiment further improved across the September quarter, a significant majority of the underlying companies remaining in VPEG's portfolio experienced an increase in revenue and earnings. This improvement in trading performance resulted in the valuation uplift of these investments at quarter end. As a result, VPEG's exposure to the "Consumer Discretionary - Consumer Durables and Apparel" industry sector, which consists of Dusk represented VPEG's largest industry exposure at 41.6% of VPEG's total Private Equity portfolio at quarter end.



MARKET AND ECONOMIC CONDITIONS

The global economy is gradually recovering after a severe contraction due to the COVID-19 pandemic. However, the recovery is uneven and its continuation is dependent on containment of the virus. While infection rates have declined in some countries, they have increased in others. The recovery is most advanced in China, where conditions have improved substantially over recent months. Globally, inflation remains very low and below central bank targets.

Financial conditions remained accommodative around the world and supportive of the economic recovery. Financial market volatility is low and the prices of many assets have risen substantially despite the high level of uncertainty about the economic outlook. Bond yields are at historically low levels, as are interest rates for most businesses and households. The Australian dollar remains just a little below its peak of the past couple of years.

The Australian economy experienced a sharp contraction in the June quarter, with output falling by 7 per cent. As difficult as this was, the decline in output was smaller than in most other countries and smaller than was earlier expected. A recovery is now under way in most of Australia, although the second-wave outbreak in Victoria has resulted in a further contraction in output in that State. The national recovery is likely to be bumpy and uneven and it will be some time before the level of output returns to its pre COVID levels.

Labour market conditions improved somewhat over the September 2020 quarter and the unemployment rate peaked at a lower rate than earlier expected. Even so, unemployment and underemployment are likely to remain high for an extended period. Wage and inflation pressures remain very subdued.

Over the past six months to 30 September 2020, the Australian economy has been supported by a substantial easing of fiscal policy. Public sector balance sheets in Australia are in good shape, which allows for continued support. Both fiscal and monetary support will be required for some time given the outlook for the economy and the prospect of high unemployment.

The RBA's policy package is working as expected and is underpinning very low borrowing costs and the supply of credit to households and businesses. There is a very high level of liquidity in the Australian financial system and borrowing costs are at record lows. \$81 billion of low-cost funding for authorised deposit-taking institutions (ADIs) has been advanced under the initial allowance of the Term Funding Facility. ADIs currently have access to a further \$120 billion under this facility. As this is drawn down, there will be a further very significant expansion of the Reserve Bank's balance sheet.

Government bond markets are functioning well, alongside a significant increase in issuance. Bond yields are around record lows. Early in September 2020, the RBA bought a further \$2 billion of Australian Government Securities (AGS) in support of its 3-year yield target, bringing total purchases of government securities since March to \$63 billion.

The RBA continues to remain committed to do what it can to support jobs, incomes and businesses in Australia. The Board of the RBA views addressing the high rate of unemployment as an important national priority. It will maintain highly accommodative policy settings as long as is required and will not increase the cash rate target until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2–3 per cent target band. The RBA continues to consider how



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