



QUARTERLY REPORT

VANTAGE PRIVATE EQUITY GROWTH LIMITED

QUARTERLY INVESTOR REPORT
31 MARCH 2023

VPEG

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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. At quarter end, it held a controlling interest in one remaining underlying company, with 1 additional position relating to a residual amount in escrow from a previously-completed sale. In total, there have been 48 completed exits from the portfolio as at 31 March 2023.

As at 31 March 2023, VPEG only remaining investment commitment is to 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. VPEG's investment commitment of \$8m to Archer Capital Fund 4 ended during the period, with the final distribution occurring in June 2022, which related to the residual proceeds received from the exit of its' final portfolio company in December 2021.

SPECIAL POINTS OF INTEREST

VPEG's Investment Committee approves the sale of VPEG's interests in Catalyst Buyout Fund 2 to a secondary purchaser, allowing the commencement of the wind-up of VPEG's operations.

With 48 exits completed from the underlying portfolio, VPEG ultimately held controlling interests in one underlying company investments as at March 2023.

Cirrus Media launches two new products, Samples+ and Events+, which is expected to boost doctor engagement and further drive customer spending

KEY FUND DEVELOPMENTS

As indicated to in previous reports, the Manager has been exploring options to liquidate its stake in Catalyst Buyout Fund 2, which will ultimately facilitate the wind-up of operations of Vantage Private Equity Growth Limited.

Pleasingly, in February 2023, the VPEG Board Members approved the sale of VPEG's interests in Catalyst Buyout Fund 2 to a secondary purchaser at an appropriate market rate. The sale was completed and units were transferred to the secondary purchaser in April 2023.

All assets remaining in the fund are in the form of cash and fixed income, with no private equity exposure as of April 2023.

In order to facilitate the liquidation of VPEG, the Manager has given notice to all shareholders, as at the 4th May 2023 for an Extraordinary General Meeting of Shareholders ("EGM"). The EGM will be held on the 25th May for the purposes of transacting the following:

- Members approval of commencing the liquidation process of the Company (Resolution 1 & 2)
- Appointment of Dr. David Hurst of Mackay Goodwin as liquidator of the Company (Resolution 3)
- Confirmation of the remuneration of the liquidator (Resolution 4)
- Destruction of the books and records of the Company (Ordinary Resolution)

For further details on the above, including details to join and vote on the resolutions being detailed, please refer to VPEG's website, linked below:

<https://vpeg.info/latest-news>

It is expected that, once a liquidator is appointed pending the above resolutions being passed, the liquidation process will take 2-3 months at which point all remaining fund assets will be distributed to investors.

PERFORMANCE

Month Ending	VPEG NAV per Ordinary Share*
31-Mar-23	0.053
28-Feb-23	0.054
31-Jan-23	0.055
31-Dec-22	0.062

* Net Asset Value (NAV) per share post tax

The period 1 January 2023 to 31 March 2023 saw continued activity across VPEG's portfolio as Catalyst Buyout Fund 2 management worked towards positioning each remaining portfolio company for exit.

As at 31 March 2023, the number of controlling investments remaining within VPEG's underlying portfolio at quarter end was one, with one additional balance remaining relating to an escrow value from the previously announced exit of Vesco Foods.

The table to the left provides a summary of the performance of VPEG's Net Asset Value (NAV) during the March 2023 quarter. As per below, VPEG's NAV decreased 14.5% from \$0.062 per share to \$0.053 per share. The reduction in VPEG's NAV was driven by the reduction in holding value of the remaining underlying companies within VPEG's portfolio.

PORTFOLIO UPDATE

With 48 exits completed, one controlling interest in an underlying Private Equity company investment remained in VPEG's portfolio as at 31 March 2023. In addition, one residual asset remains relating to an escrow balance from the sale of Vesco Foods, which is expected to be released in the next 12 – 24 months.

The underlying portfolio update provided below covers the two remaining positions in VPEG's portfolio, representing 100% of VPEG's remaining private equity exposure at quarter end.

VESCO - CATALYST BUYOUT FUND 2

Vesco Foods 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; in WA and QLD.



As previously communicated, Vesco was successfully sold in January 2023. The remaining value relates to an escrow balance reserved from the sale proceeds for the purpose of covering an ongoing legal matter which is expected to be resolved in the next 12-24 months.

Vesco represents 57% of VPEG's remaining Private Equity portfolio as at 31 March 2023.

CIRRUS MEDIA - CATALYST BUYOUT FUND 2

Cirrus Media is Australia's largest business-to-business media company, with a diverse portfolio of leading print publications, websites, events and conferences and online industry portals providing information to professionals in a diverse range of industries. Key industry verticals include healthcare, wealth management and mining.



Cirrus represents 43% of VPEG's remaining Private Equity portfolio as at 31 March 2023.

The March 2023 quarter saw revenue up 15% on the prior comparative period but remaining below budget. Management were encouraged from the doctor engagement with the web and app platforms continuing to grow through Q1, with forward sales trending in a similar direction. The ongoing focus for management relates to two new products that are being launched:

- Samples+: a feature of the Access+ platform which enables doctors to request replenishment of their samples from Pharma Companies and other suppliers, which is ultimately a form of lead generation for Pharma Companies
- Events+: a feature of the Access+ platform which enables doctors to request tickets or invitations to industry events (e.g. conferences, seminars) – this is also a form of lead generation for Event Operators targeting the doctor community.

PORTFOLIO STRUCTURE

VPEG's PORTFOLIO STRUCTURE - 31 MARCH 2023

The tables and charts below provide information on the breakdown of VPEG's underlying investments as at 31 March 2023.

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 69.5% to 12.8%, with the distribution of proceeds from the sale of Vesco Foods.

Cash	Short Term Deposits	Private Equity	
81.8%	5.4%	Later Expansion	0.0%
		Buyout	12.8%

SUMMARY OF VPEG's REMAINING UNDERLYING PRIVATE EQUITY INVESTMENTS

The table below provides an overview of the remaining underlying Private Equity investments in VPEG's portfolio as at 31 March 2023.

Rank	Investment	Fund	Description	% of VPEG's Private Equity Portfolio	Cumulative %
1	Vesco	Catalyst Buyout Fund 2	Manufacturer of frozen meals and meal components	57.3%	57.3%
2	Cirrus Media	Catalyst Buyout Fund 2	Australian business to business media company	42.7%	100.0%

Note: As at 31 March 2023 (unaudited) calculated on VPEG's Pre-Tax Net Asset Value (NAV).

PRIVATE EQUITY PORTFOLIO

VPEG has remaining interests with one Private Equity fund, Catalyst Buyout Fund 2. This includes controlling interests in one underlying company, representing the last of the VPEG portfolio. In addition, CBF2 retains a balance relating to proceeds held in escrow relating to a previously-completed sale (Vesco Foods) As a result, VPEG's Private Equity portfolio and commitments, as at 31 March 2023, 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	10
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$6.38m	7	6
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	48

ECONOMIC & MARKET UPDATE

Inflation fell to 7 per cent in the March quarter, amid an easing in price pressures for food, clothing and housing construction, confirming the worst of Australia's inflation outbreak has passed.

The figures were a little stronger than market expectations for annual inflation of 6.9 per cent, but consistent with analysis by professional economists and the RBA that price pressures peaked at the end of last year.

Prices increased by 1.4 per cent within the March quarter itself, which was the softest quarterly read in a year.

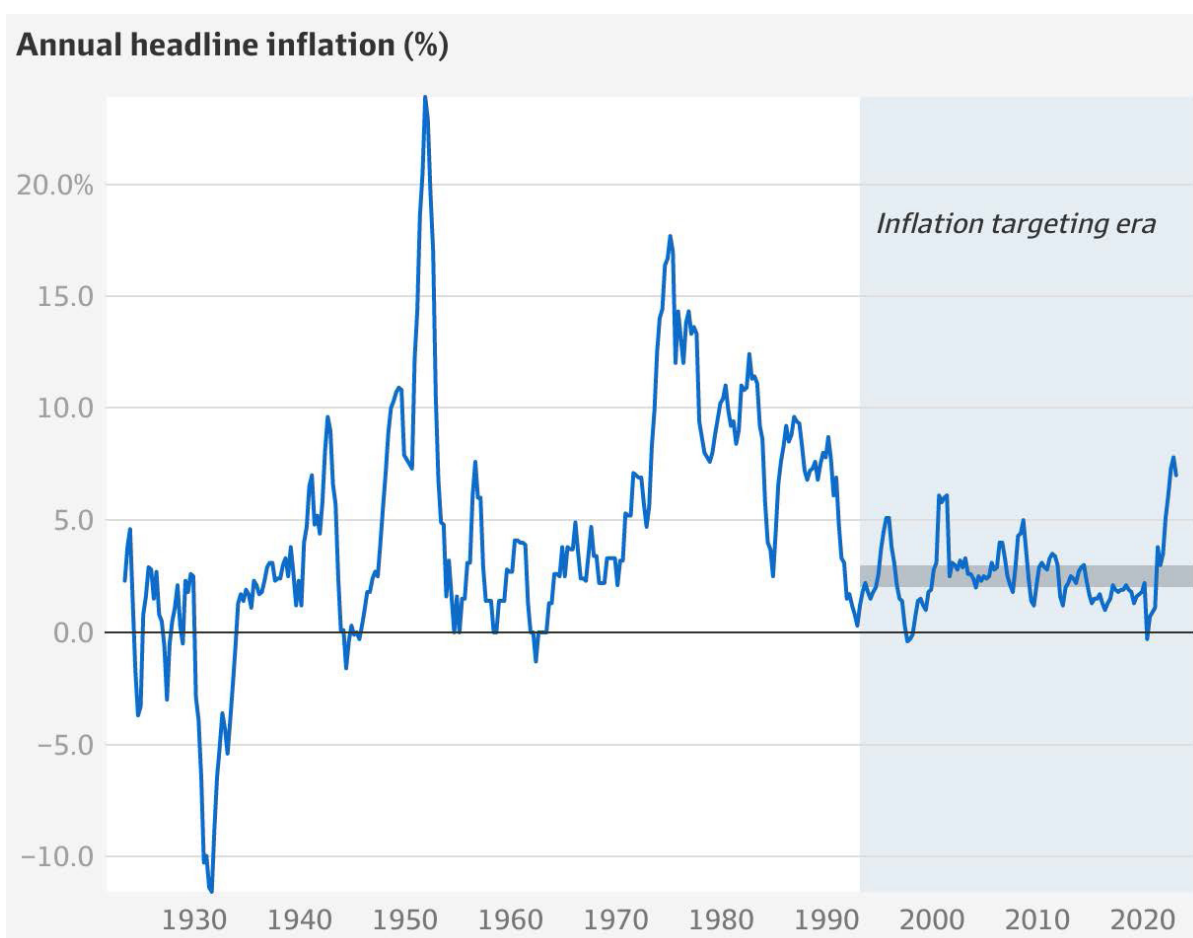


Chart: Michael Read - Source Australian Bureau of Statistics: Reserve Bank of Australia

RBA governor Philip Lowe has previously said the March quarter consumer price index will play a decisive role in determining whether the central bank's decision to keep rates on hold at 3.6 per cent this month is repeated at the May 2 board meeting.

Markets ascribe a 25 per cent chance of a 0.25 percentage point increase in the cash rate next month. The odds of a rate rise increased last week after the central bank that it considered an 11th consecutive increase at its April meeting.

Trimmed mean inflation, the RBA's preferred measure of underlying price pressures, slowed to 6.6 per cent from 6.9 per cent, which was slightly softer than expectations of 6.7 per cent. Underpinning the fall in inflation was

smaller price rises for goods, as well as lower food inflation. Heavy discounting caused the price of clothing and footwear to fall by 1 per cent in the first three months of the year, while inflation in the price of furniture and appliances also eased. Goods inflation globally has softened recently thanks to falling shipping costs and the resolution of supply chain issues. Inflation in the cost of building a new dwelling – the largest item in the CPI basket – slowed to 13 per cent, down from a peak of 21 per cent last year, thanks to an easing in material cost pressures and softening demand.

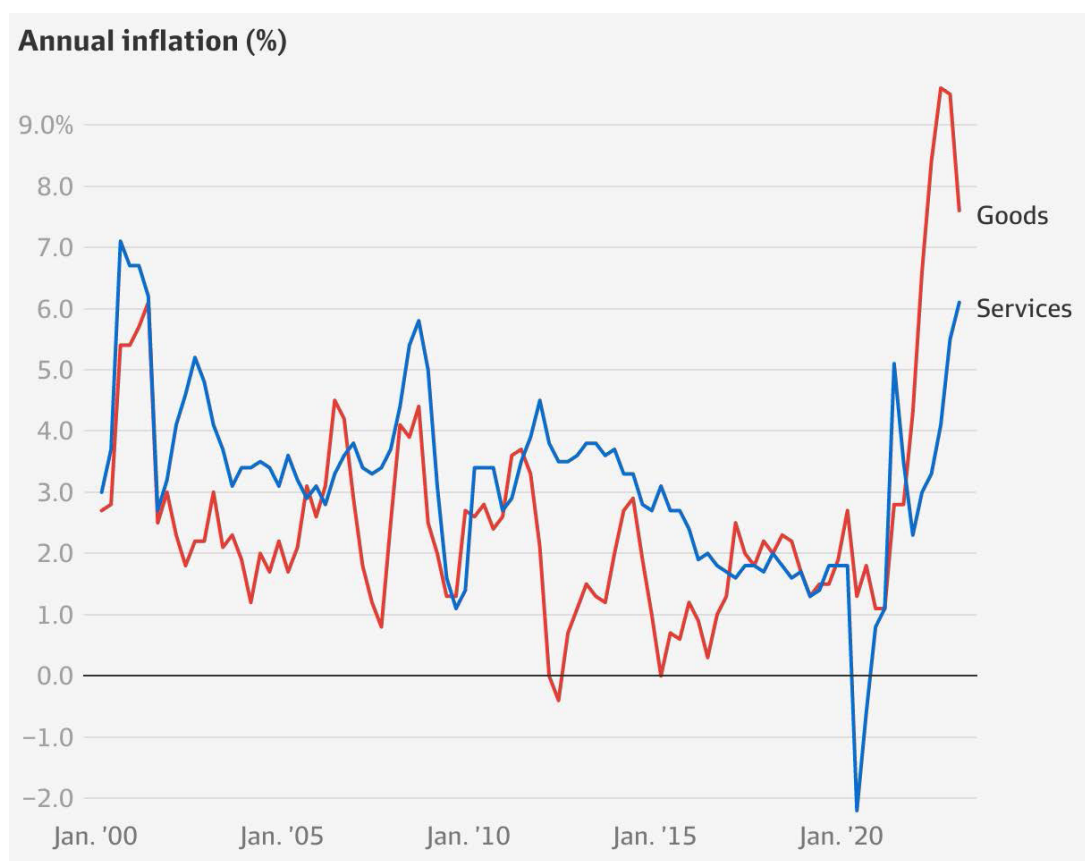


Chart: Michael Read - Source Australian Bureau of Statistics

However, while inflation has slowed in some parts of the CPI basket, price pressures remain elevated in other key components. This includes the cost of renting a home, which is the second-largest item in the CPI basket. An acute shortage of properties has pushed rents 4.9 per cent higher over the year – the fastest pace of rent inflation in more than a decade.

Outside of Sydney and Melbourne, rents have surged by 6.5 per cent over the past year, with further increases expected thanks in part to a strong increase in overseas migration.

Services price inflation hit 6.1 per cent, which was its fastest rate in two decades, driven by higher prices for restaurant meals, holiday travel and medical services.

Education prices, which includes school and university fees, posted their largest rise in five years, increasing by 5.4 per cent over the past 12 months.

Gas prices have increased by 26 per cent over the past year, which the ABS said was the highest annual rate on record.

Electricity prices have increased by 16 per cent since last March, with further price rises expected in June, with default contract prices to jump by 20 to 30 per cent, adding 0.25 of a percentage point to inflation in the financial year starting on July 1.

The RBA's February economic forecasts show the central bank expects headline inflation to slow to 4.8 per cent by the end of the year, and to 3 per cent by mid-2025, as the fastest tightening cycle in a generation forces the economy to cool.

This quarter, private equity origination activity was the lowest it has been for over 10 years. 5 deals were announced or completed over the period. These deals were in the financial services, education and agribusiness sectors.

CONTACT DETAILS

Vantage Private Equity Growth Limited
Level 39, Aurora Place
88 Phillip Street
Sydney, New South Wales 2000

INVESTMENT MANAGER

Investment Manager: Vantage Asset Management Pty Limited

ACN: 109 671 123

Australian Financial Services Licence: 279186

Level 39, Aurora Place

88 Phillip Street

Sydney, New South Wales 2000

Telephone: +61 2 9067 3133

Email: info@vantageasset.com

Website: www.vpeg.info

Website: www.vantageasset.com