

QUARTERLY REPORT

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES FUND

QUARTERLY INVESTOR REPORT
30 JUNE 2023



VPESO - DIVERSIFY. GROW. OUTPERFORM.

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IMPORTANT INFORMATION

This report has been prepared by Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 (Vantage) in its capacity as Manager of the Vantage Private Equity Secondaries Opportunities Fund (VPESO). 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

During July 2021, Vantage Asset Management Pty Limited (Vantage) established the Vantage Private Equity Secondaries Opportunities Fund (VPESO or the Fund) an open ended wholesale, Australian unit trust, structured as a Managed Investment Trust (MIT). The Fund was established to provide sophisticated investors with exposure to a highly diversified portfolio of Australian and New Zealand lower to mid-market secondary and co-investment private equity opportunities.

VPESO's investment strategy is focused on secondary private equity and co-investments in the lower to mid-market. This segment of private equity focuses on investments into profitable businesses with proven products and services. These businesses typically have a strong market position and generate strong cash flows, which will allow the Fund to generate strong consistent returns to investors, while significantly reducing the risk of a loss within the portfolio.

To achieve the Fund's investment objective, VPESO will acquire direct secondary positions in existing Private Equity funds, acquire existing interests in Vantage Private Equity Growth Fund series funds as well as invest in selective co-investment opportunities and other preferred equity opportunities in target Private Equity funds.

On 27 July 2021 and 31 August 2021, the Fund closed its initial two tranches of capital raising with a total of 16,016,600 units issued at \$1.00 per unit. In July 2022, the Fund completed a further capital raising, with a total of 2,130,491 units issued at \$1.16 per unit. In September 2022, the Fund completed another capital raising, with a total of 4,461,148 units issued at \$1.17 per unit. In December 2022, the Fund completed another capital raising, with a total of 883,535 units issued at \$1.16 per unit. In January 2023, the Fund completed another capital raising, with a total of 87,179 units issued at \$1.17 per unit.

As at 30 June 2023, a total of \$25,329,034¹ of the Fund's capital had been utilised to acquire interests in Advent Partners 2, Anchorage Capital Partners Fund III, Vantage Private Equity Growth 3 and Genesis Capital Fund I, as well as to invest further capital into Advent Partners 2 Fund and Anchorage Capital Partners Fund III for additional portfolio company investments completed to date. VPESO has also completed three co-investments which include \$2 million in Gull NZ, alongside Allegro Fund IV, \$2 million in Compare Club, alongside Next Capital Fund IV and \$1 million in Pac Trading, alongside Adamantem Environmental Opportunities Fund. As a result, VPESO ultimately held interests and commitments in 60 unique underlying company investments at quarter end.

1. Excludes underlying portfolio companies in VPEG2B which in total represent less than 0.1% of VPESO's total investment portfolio

SPECIAL POINTS OF INTEREST

VPESO makes a \$1 million co-investment alongside Adamantem Environmental Opportunities Fund into Pac Trading, an Australian based company providing innovative and sustainable packaging solutions to the food services industry

VPEG3 Investee, Allegro Fund III approves an off-market cash takeover bid of previously exited and now ASX listed portfolio company Best and Less Group (ASX:BST) at \$1.89 per share

VPESO's underlying portfolio company GBST Wealth Management, an Anchorage Capital Partners Fund III (and VPEG3 Investee), completes the bolt-on acquisitions of Wealthconnects and Advice Intelligence

VPESO will pay an approximate 5.7 cents per Unit distribution, during October 2023, to all VPESO Unitholders on the register as at 30 June 23, as a result of the Net profit earned by VPESO for FY23

PERFORMANCE

During the period 1 April 2023 to 30 June 2023, VPESO continued the build out its secondary private equity and co-investment portfolio, receiving investment committee approval to make a \$1 million co-investment alongside Adamantem Environmental Opportunities Fund into Pac Trading, an Australian-based company providing innovative and sustainable packaging solutions to the food services industry. In addition, ongoing private equity activity across VPESO's portfolio, saw the continued build-out of the portfolio with the acquisition of further secondary interests, as well as additional "bolt on" acquisitions completed by existing companies within the underlying portfolio.

During the quarter, no additional capital was raised by VPESO, so no further Units were issued during the period. As a result, VPESO had 23,638,735 Units on issue as at 30 June 2023.

Payments made by VPESO for secondary acquisitions completed during the quarter, as well as Drawdowns paid to existing fund commitments during the period, totalled \$2,388,779. A majority of these payments, were to fund the acquisitions of interests in Genesis Capital Fund I and additional interests in Vantage Private Equity Growth 3 (VPEG3) each at a discount to those Fund's prevailing Net Asset Value. The Drawdowns paid by VPESO during the period, were to fund management fees and working capital requirements by Advent Partners 2 and other underlying funds in VPEG3 during the period.

The table below provides a summary of the performance of the Fund's portfolio during the June 2023 quarter. As illustrated, VPESO's Net Asset Value increased 4.11% across the quarter from \$1.160 at 31 March 2023 to \$1.207* as at 30 June 2023. The increase in VPESO's NAV across the quarter was as a result of an uplift in the unrealised value of a number of VPESO's portfolio companies across the period, attributable to enhanced earnings performance of those companies across the year ended 30 June 2023.

Month Ending	VPESO NAV per Unit (\$)	Cumulative Distributions Paid (\$)
30 June 2023	\$1.207*	\$0.03
31 March 2023	\$1.160	\$0.03

* Note; Prior to an approximate \$0.057 per unit, FY23 distribution to be paid during October 2023, consisting of the net taxable income of VPESO for FY23, to be paid to all Unitholders on the register as at 30 June 2023.

PORTFOLIO DEVELOPMENTS

Across the June 2023 quarter, there was continued activity across VPESO's portfolio with the Fund receiving investment committee approval for a new co-investment commitment, as well as the completion of the acquisition of additional interests in Genesis Capital Fund I and Vantage Private Equity Growth 3 Fund ("VPEG3").

VPESO's investment activity during the quarter included;

- Investment committee approval for a \$1 million co-investment alongside Adamantem Environmental Opportunities Fund into Pac Trading, an Australian-based company providing innovative and sustainable packaging solutions to the food services industry.
- Completion of a further \$0.5 million secondary acquisition of commitments and investments in Genesis Capital Fund I, a Sydney, Australian based private equity manager targeting opportunities within the healthcare sector that exhibit strong growth potential and are headquartered in Australia or New Zealand; and
- Completion of a further \$1.5 million in additional secondary acquisitions of commitments and investments in Vantage Private Equity Growth 3 (VPEG3), increasing VPESO's total portfolio exposure to \$6.2 million in commitments and investments in VPEG3, at period end.

During April 2023 and June 2023, VPEG3 investee, Anchorage Capital Partners Fund III's portfolio company, GBST Wealth Management, completed the bolt-on acquisitions of Wealthconnects and Advice Intelligence. WealthConnects is a Melbourne based global developer and owner of world leading front office cloud based wealth management SaaS solution, built on the Salesforce Financial Services Cloud platform. Advice Intelligence is an award-winning cloud-based end-to-end financial planning software solution. These strategic acquisitions align seamlessly with GBST Wealth Management's commitment to delivering enhanced financial planning services to its clients, positioning the company as a leader in delivering top-tier solutions to meet diverse financial needs.

In May 2023, VPEG3 investee, Allegro Fund III's portfolio company, Best and Less Group (ASX:BST) received a cash, off-market takeover offer of all its securities for A\$1.89 per share by Ray Itaoui and BBRC, a company associated with Brett Blundy, a non-executive director of BST and well-known investor in consumer retailing businesses. The cash offer of \$1.89 per share represented a 4.8% discount to the prior day closing price of \$1.985 per share. At the time of the off market takeover offer, Allegro Fund III had a 32.8% shareholding, which represented 40,659,591 shares. Following the completion of the takeover on 3 July 2023, Allegro Fund III received approximately \$76 million in proceeds from the sale. VPEG3's share of these proceeds were subsequently distributed to VPEG3 later that month. It is anticipated that a distribution will be paid to VPEG3 investors, including VPESO during October 2023, which will also include the proceeds received by VPEG3, from the sale of the Best and Less Group.

As at quarter end, VPESO had ultimately committed to and invested in 60 unique underlying company investments with 9 unique exits completed (partially or fully realised) from the underlying funds.

There are a number of active secondary opportunities that Vantage is currently undertaking due diligence on, that are within VPESO's mandate. If successful in acquiring these opportunities, at an appropriate discount to their prevailing Net Asset Value, VPESO's investment portfolio will further increase in size and become further diversified, over the next 6 to 12 months.

OVERVIEW OF NEW CO-INVESTMENT

PAC TRADING - ADAMANTEM ENVIRONMENTAL OPPORTUNITIES FUND

During June 2023, VPESO's Investment Committee approved a \$1 million co-investment alongside Adamantem Environmental Opportunities Fund into Pac Trading, an Australian-based company providing innovative and sustainable packaging solutions to the food services industry.



Pac Trading offers a wide and unique range of quality products for any food-services business. The company specialises in custom print packaging for food and retail industries, providing a high level of professional customer service. Pac Trading has 69 employees with warehouse facilities in Melbourne, Brisbane, Sydney and Perth as well as a head office in Sydney, which is supplemented by a support team in the Philippines.

The company's customer base is ~1,500 customers and includes 637 distributors across Australia. Pac Trading has experienced accelerated growth over the past 5 years due to industry tailwind from government bans on single use plastic products, which will continue to support its future growth.

VPESO's co-investment into Pac Trading was completed during July 2023, with VPESO funding its share of the investment during that month.

PORTFOLIO STRUCTURE

VPESO's PORTFOLIO STRUCTURE - 30 JUNE 2023

The tables and charts below provide information on the breakdown of VPESO's investments as at 30 June 2023.

CURRENT INVESTMENT ALLOCATION

The following tables provide the percentage split of each of the VPESO entities, 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 VPESO's Private Equity portfolio.

VPESO			
Cash	Fixed Interest Investments	Private Equity	
0.1%	6.0%	Later Expansion	48.3%
		Buyout	45.6%

PRIVATE EQUITY PORTFOLIO

VPESO, with commitments to and investments in three Private Equity funds, one fund of funds and three co-investments, has ultimately committed to and invested in 60 underlying company investments at quarter end, with nine exits completed to date. As a result, VPESO's Private Equity portfolio and commitments, as at 30 June 2023 were as follow:

Acquisition	Fund Size	Vintage Year	Investment Focus	VPESO Acquired Commitment	Paid-in Capital	Total No. of Investee Companies	No. of Exits
Advent Partners 2 Fund	\$300m	2017	Lower to Mid Market Growth / Buyout	\$10.00m	\$9.02m	7	1
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Turnaround / Buyout	\$5.00m	\$4.94m	5	2
Vantage Private Equity Growth 3	\$600m	2019	Fund of Funds - Lower to Mid Market Growth / Buyout / Turnaround	\$4.70m	\$4.37m	50	9
Genesis Capital Fund I	\$190m	2020	Lower to Mid Market Growth / Buyout	\$1.00m	\$0.35m	7	-
Co-invest No.1 - Gull New Zealand	~\$500m	2022	Mid Market Special Situations	\$2.00m	\$2.00m	1	-
Co-invest No.2 - Compare Club	\$110m	2022	Later Stage Buyout	\$2.00m	\$2.00m	1	-
Co-invest No.3 - Pac Trading	\$71m	2023	Lower to Mid Market Growth Capital / Buyout	\$1.00m	\$1.00m	1	-
Total¹				\$23.74m	\$22.34m	60	9*

Note; Total No. of Investee Companies and No. of Exits excludes duplicates.

*Excludes small holdings acquired for less than \$50k each of VPEG2B and Catalyst Buyout Fund 2

SUMMARY OF VPESO'S UNDERLYING PRIVATE EQUITY INVESTMENTS

The table below provides a summary of the top ten underlying private equity investments in VPESO's portfolio for which capital had been called from VPESO as at 30 June 2023.

Rank	Underlying Investment	Fund	Description	% of VPESO's Private Equity Investments	Cumulative %
1	Compass Education	Advent Partners 2 Fund	Student Information System Software / Services Provider	12.40%	12.40%
2	Medtech Global	Advent Partners 2 Fund	Provider of Practice Management Software	12.16%	24.56%
3	Imaging Associates Group	Advent Partners 2 Fund	Diagnostic Imaging Service Provider	7.91%	32.48%
4	Compare Club	Co-Investment No. 2	Personal finance marketplace	7.86%	40.33%
5	GBST Wealth Management	Anchorage Capital Partners Fund III	Financial services technology provider to the global wealth market	7.70%	48.03%
6	Gull NZ	Co-Investment No. 1	New Zealand petroleum distribution company and petrol station chain	7.28%	55.31%
7	Flintfox	Advent Partners 2 Fund	Developer of Trade Revenue Management Software	6.91%	62.23%
8	Zero Latency	Advent Partners 2 Fund	Virtual Reality Gaming Developer & Experience Attraction	5.71%	67.94%
9	Specialised Linen Services	Anchorage Capital Partners Fund III	Leading National Laundry Operator	4.90%	72.83%
10	SILK Laser & Skin Holdings Pty Ltd	Advent Partners 2 Fund	Premium Provider of Laser and Skin Rejuvenation Services	3.75%	76.59%

INDUSTRY SPREAD OF VPESO'S UNDERLYING INVESTMENTS

The chart below provides a breakdown of the industry spread of VPESO's underlying portfolio as at 30 June 2023.

As demonstrated by the chart VPESO's exposure to the "Information Technology – Software & Services" industry sector, represents the Fund's largest industry sector exposure at 27.2% of VPESO's total portfolio at quarter end.

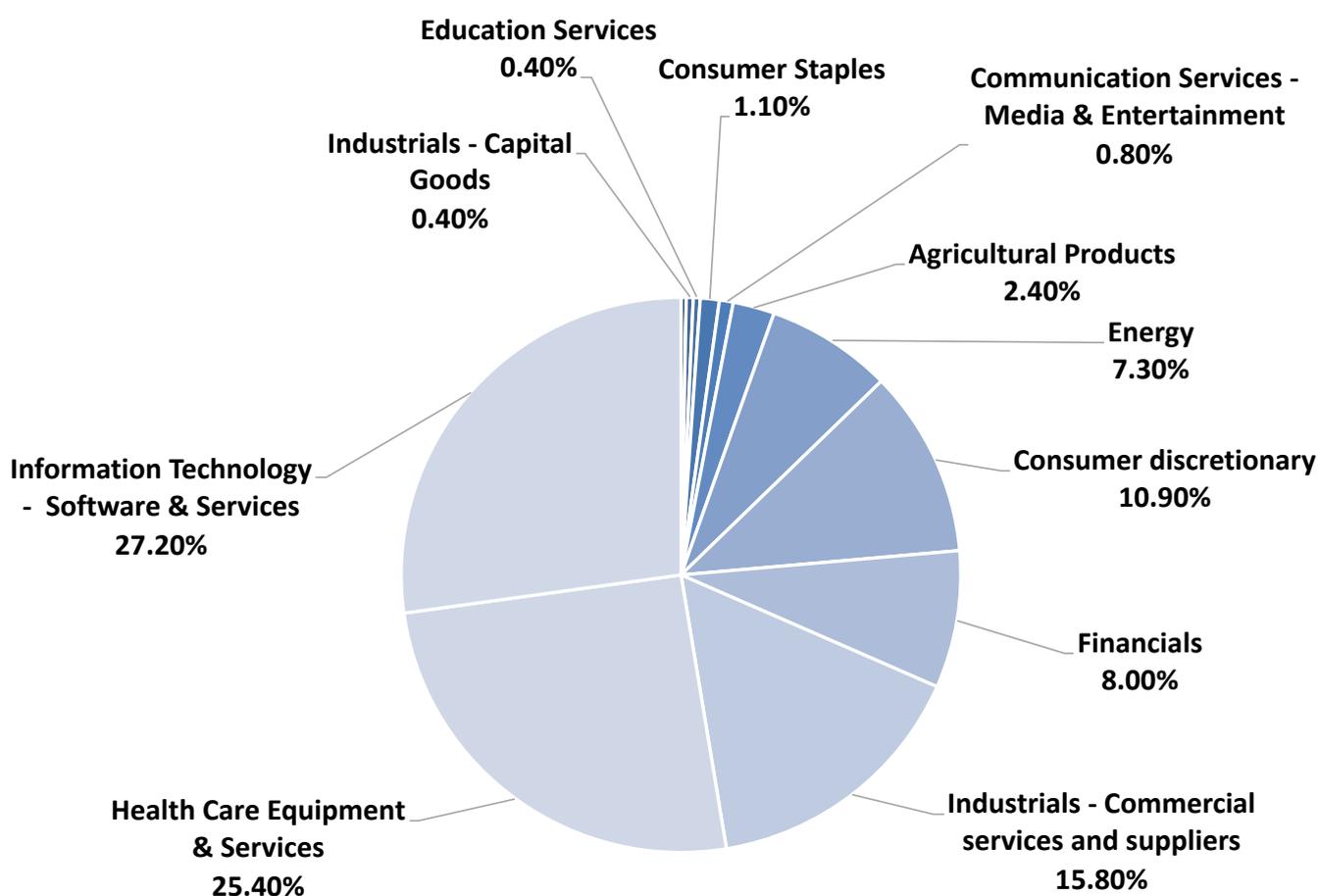


Figure: Industry exposure of VPESO's underlying investments

MARKET & ECONOMIC UPDATE

The Australian economy has been displaying signs of a slowdown, with GDP growth of only 0.2% during the March quarter, the lowest since the contraction caused by the COVID-19 Delta lockdown in September 2021. On an annual basis, GDP grew by 2.3%, down from 2.7% in the previous quarter. The Reserve Bank of Australia (RBA) expects the economy to grow in 2023 but at a slower pace, with a forecast of 1.25% GDP growth.

To curb inflation, the RBA increased the cash rate to 4.1% in the June quarter, with 25bps hikes in both May and June, before pausing in July to assess the impact of previous rate increases and the economic outlook. Inflation has started to moderate, with CPI for the 12 months to June recording 5.4%, a decline from the peak of 8.4% in December.

Consumer market conditions are showing signs of weakness due to rising living costs. Increasing interest rates are affecting household budgets, leading to slower household consumption activity, a declining household savings rate, and weakened consumer sentiment. While spending on non-discretionary items like food, health, transport, and catering continues to grow (albeit at a slower pace), discretionary spending has contracted as consumers cut back on recreation, furniture, and clothing purchases.

Despite weak consumer sentiment, the labour market is operating at full capacity, with the unemployment rate remaining historically low at 3.5%. The high employment rate is expected to moderate the impact of market conditions on consumer spending.

During the quarter, the Australian government presented its second budget since the May 2022 election, reporting a small surplus—the first in 15 years. Although the government anticipates a strong revenue path ahead, the budget is expected to return to a deficit due to cost increases and policy measures aimed at alleviating cost-of-living pressures.

In New Zealand, real GDP declined for the second consecutive quarter, albeit at a slower rate, falling by 0.1% during the March quarter, mainly due to weakening private demand and falling real incomes. Consumer confidence rose slightly in the June quarter but remains relatively low. The Reserve Bank of New Zealand hiked rates by 25bps on May 24th, reaching 5.5%, one of the highest rates among OECD countries, in an effort to control inflation, which currently stands at 6.7% (down from 7.2% in the previous report).

Private equity transaction activity continued at a slow pace in the quarter, with only 5 deals announced or completed. In the context of exit environment, despite the prevailing sluggishness in deal flow, VPESO's underlying managers have reported a noteworthy surge in inbound intermediated origination activity over the course of the quarter as investors seek to acquire resilient private equity backed assets. This suggests a positive environment for VPESO's underlying managers to exit portfolio companies that have achieved their investment objectives and are demonstrating maintainable earnings. VPESO's underlying managers' report that they are in ongoing discussions and negotiations for the exit of a number of portfolio companies, which are expected to be completed over the next to six months, ultimately delivering further returns to VPESO's investors.

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