



QUARTERLY REPORT

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES FUND

QUARTERLY INVESTOR REPORT
31 DECEMBER 2021



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 (VPEG, VPEG2, VPEG3 & VPEG4) as well as invest in selective co-investment opportunities and other preferred equity opportunities in target private equity funds.

In late August 2021, the Fund closed its initial tranche of capital raising with a total of 16,016,600 units issued at \$1.00 per unit.

The majority of Capital raised to date by the Fund, has been utilised for the secondary acquisition of \$10,000,000 of commitments and investments in the Advent Partners 2 Fund, \$5,000,000 of commitments and investments in Anchorage Capital Partners Fund III, as well as to acquire \$1,537,500 of commitments and investments in Vantage Private Equity Growth 3, LP.

Furthermore, Capital has also been paid by the Fund to meet the call payment obligations made by Advent in respect of the Fund's investment in Advent Partners 2 and Anchorage Capital Partners Fund III. The remaining Capital held by the Fund is invested into cash and short-term deposit investments with Westpac Bank to obtain income and capital stability without sacrificing liquidity.

As at 31 December 2021, a total of \$14,445,102 of the Fund's capital had been utilised to acquire the interests in Advent Partners 2, Anchorage Capital Partners Fund III and Vantage Private Equity Growth 3, As well as to invest further capital into Advent Partners 2 Fund and Anchorage Capital Partners Fund III for the new portfolio company investments completed to date. As a result, VPESO ultimately held interests in 44 underlying company investments and shares in two previously exited and now ASX listed portfolio companies at quarter end.

SPECIAL POINTS OF INTEREST

VPEG3 portfolio company Heritage Lifecare announces the sale and lease back agreement of a significant part of that company's property portfolio to Centuria Capital Group for a media reported \$NZ300 million (AUD \$280 million)

VPESO investee Anchorage Capital Partners Fund III completes the acquisition of GBST Wealth Management, a provider of financial services technology to the capital market and wealth management sectors globally

VPEG3 investee Mercury Capital Fund 3 completes an investment in Architectus, a market leader in the Australian commercial architecture market

PERFORMANCE

The period 1 October 2021 to 31 December 2021, saw continued activity across VPESO's portfolio, with the announcement and completion of a further two new underlying private equity investments added to VPESO's portfolio. These new investments were completed by underlying funds Anchorage Capital Partners Fund III and VPEG3 investee Mercury Capital Fund 3.

Across the quarter, VPESO's underlying managers continued to work alongside management teams as they progress along with their investment agendas to deliver growth and generate value in each portfolio company.

VPESO's managers' report that the Australian and New Zealand lower to mid market segment of Private Equity continues to represent an attractive investment proposition for foreign and domestic acquirers, due to the continuation of comparatively stable economies and strong return profiles. VPESO's portfolio is well positioned to capitalise on the increasing appetite of these acquirers as managers enter into the final stages of negotiating for the sale of a number of portfolio company investments.

The table below provides a summary of the performance of the Fund's portfolio during the December 2021 quarter. As demonstrated, VPESO's Net Asset Value (NAV) decreased slightly across the quarter from \$1.199 per Unit at 30 September 2021 to \$1.195 per Unit as at 31 December 2021. The decrease in VPESO's NAV across the quarter resulted predominately due to the costs associated with new acquisitions and other expenses of underlying funds exceeding the investment income / revaluations of underlying investments at quarter end.

Month Ending	VPESO NAV per Unit (\$)
31-Dec-21	1.195
30-Sep-21	1.199

KEY PORTFOLIO DEVELOPMENTS

The December 2021 quarter saw continued activity across VPESO's portfolio with the announcement and completion of a further two new underlying private equity investments added to VPESO's portfolio. These new investments were announced by Anchorage Capital Partners Fund III and VPEG3 investee Mercury Capital Fund 3.

During the quarter VPESO also acquired an additional \$37,500 commitment and investment in Vantage Private Equity Growth 3 (VPEG3).

Drawdowns during the quarter from VPESO, totalling \$2,721,095 were paid to Advent Partners 2 for the previously announced investment Imaging Associates Group (September 2021) and to Anchorage Capital Partners Fund III for the Fund's share of the acquisition of GBST Wealth Management completed during the quarter.

During October 2021, VPEG3 investee Mercury Capital Fund 3 completed an investment in Architectus, a market leader in the Australian commercial architecture market.

In November 2021, VPEG3 investee Adamantem Capital Fund I portfolio company Hygain completed the bolt-on acquisition of Arenus, a leading animal supplement and nutraceuticals brand based in the United States. This acquisition further accelerates Hygain's growth within the United States by diversifying the groups offering with another high quality brand being added to its product portfolio.

During December 2021, VPESO investee Anchorage Capital Partners Fund III completed the acquisition of GBST Wealth Management, a provider of financial services technology to the capital market and wealth management sectors globally.

Additionally during December 2021, VPEG3 investee Adamantem Capital Fund I portfolio company Heritage Lifecare announced the sale and lease back agreement of a significant part of that company's property portfolio to Centuria Capital Group for a media reported \$NZ300 million (AUD \$280 million). The sale includes Heritage Lifecare's land and property portfolio across all aged care assets and around half of the retirement village land. The transaction will deliver Adamantem Capital Fund I investors, including VPEG3 a return of all capital invested in Heritage Lifecare, which is expected to be distributed to all VPEG3 investors (including VPESO) following regulatory approval during the June 2022 quarter. Adamantem's ownership will remain unchanged, with management now exploring the appropriate options to exit the investment in Heritage across the remainder of the 2022 calendar year.

Finally, during the quarter, VPESO received a distribution of \$16,029 from underlying fund Vantage Private Equity Growth 3. The distribution was as a result of the distributable income applicable to the 2021 Financial year from VPEG3, due to the improvement in that Fund's operating profit in FY21 as VPEG3's portfolio further matures.

NEW UNDERLYING COMPANY INVESTMENTS

ARCHITECTUS AUSTRALIA - MERCURY CAPITAL FUND 3 (VPEG3)

On 13 October 2021, Mercury Capital Fund 3 completed the investment in Architectus, a market leader in the Australian commercial architecture market.

architectus™

Established in 2001, Architectus is headquartered in Sydney with over 350 staff operating across five studios in Australia (Sydney, Melbourne, Brisbane, Adelaide, Perth). Architectus has a diverse, blue-chip base of over 170 clients across 8 core sectors including transport, education, commercial, public, residential, urban design, interior design and technology. Key clients including well-known commercial and residential property developers (Brookfield, Charter Hall, Stockland), major airports (Sydney Airport, Melbourne Airport), educational institutions (UNSW, Melbourne University) and state government departments across transport, education and urban development. High customer satisfaction has translated into a stable set of clients that undertake multiple projects each year. These repeat clients represent a significant proportion of Architectus' revenue, providing strength and stability to a project-based business.

Mercury Capital was attracted to Architectus as it is one of five 'Tier 1' domestic industry leaders in Australia in a large domestic market, differentiating itself based on service quality and collaboration. The company presents a large and loyal blue-chip client base that provides a repeatable source of work and a proven delivery model that is consistently profitable.

GBST WEALTH MANAGEMENT – ANCHORAGE CAPITAL FUND III

During December 2021, Anchorage Capital Partners Fund III completed the investment in GBST Wealth Management, a provider of financial services technology to the capital market and wealth management sectors globally.

GBST | Financial Services
Technology

Established in 1984, GBST has a long heritage in the financial services sector. Today GBST works with over 100 organisations across Australia, Asia, the UK and the US and the company's technology supports millions of clients around the world who use the GBST technology.

GBST's Wealth Management business provides registry and end to end solutions for fund and pension administration, with its flagship product, Composer, offering an integrated system for wrap platforms, master trusts, superannuation funds, pension funds and wealth managers. The business has a blue-chip client base, including major domestic Australian banks, international banks / life insurance companies and leading wealth / asset managers. The company's service offering is recognised as one of the leading wealth management administration platform in the market.

The acquisition of GBST represents a special situation, with a regulatory forced sale presenting an opportunity for Anchorage to buy a high-quality asset with significant upside available from management's value driven investment initiatives.

VPESO's share of this investment was paid to Anchorage Capital Partners Fund 2 during December 2021.

PORTFOLIO STRUCTURE

VPESO's PORTFOLIO STRUCTURE - 31 DECEMBER 2021

The tables and charts below provide information on the breakdown of VPESO's investments as at 31 December 2021.

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	
9.6%	0.0%	Later Expansion	51.3%
		Buyout	39.1%

PRIVATE EQUITY PORTFOLIO

VPESO, with commitments to and investments in two Private Equity funds and one fund of funds ultimately has exposure to 44 underlying company investments at quarter end, with four exits completed to date. As a result, VPEG3's Private Equity portfolio and commitments, as at 31 December 2021, were as follows;

Acquisition	Fund Size	Vintage Year	Investment Focus	VPESO Acquisition	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Advent Partners 2	\$300m	2017	Lower to Mid Market Growth / Buyout	\$10.00m	\$9.01m	7	1
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Turnaround / Buyout	\$5.00m	\$4.22m	4	-
Vantage Private Equity Growth 3, LP	\$67.5m	2019	Fund of Funds - Lower to Mid Market Growth / Buyout / Turnaround	\$1.54m	\$1.22m	44	4
			Total¹	\$16.54m	\$14.45m	44	4

Note 1. Totals include only investments or exits completed as at 31 December 2021 and excludes duplicates

SUMMARY OF VPESO'S UNDERLYING PRIVATE EQUITY INVESTMENTS

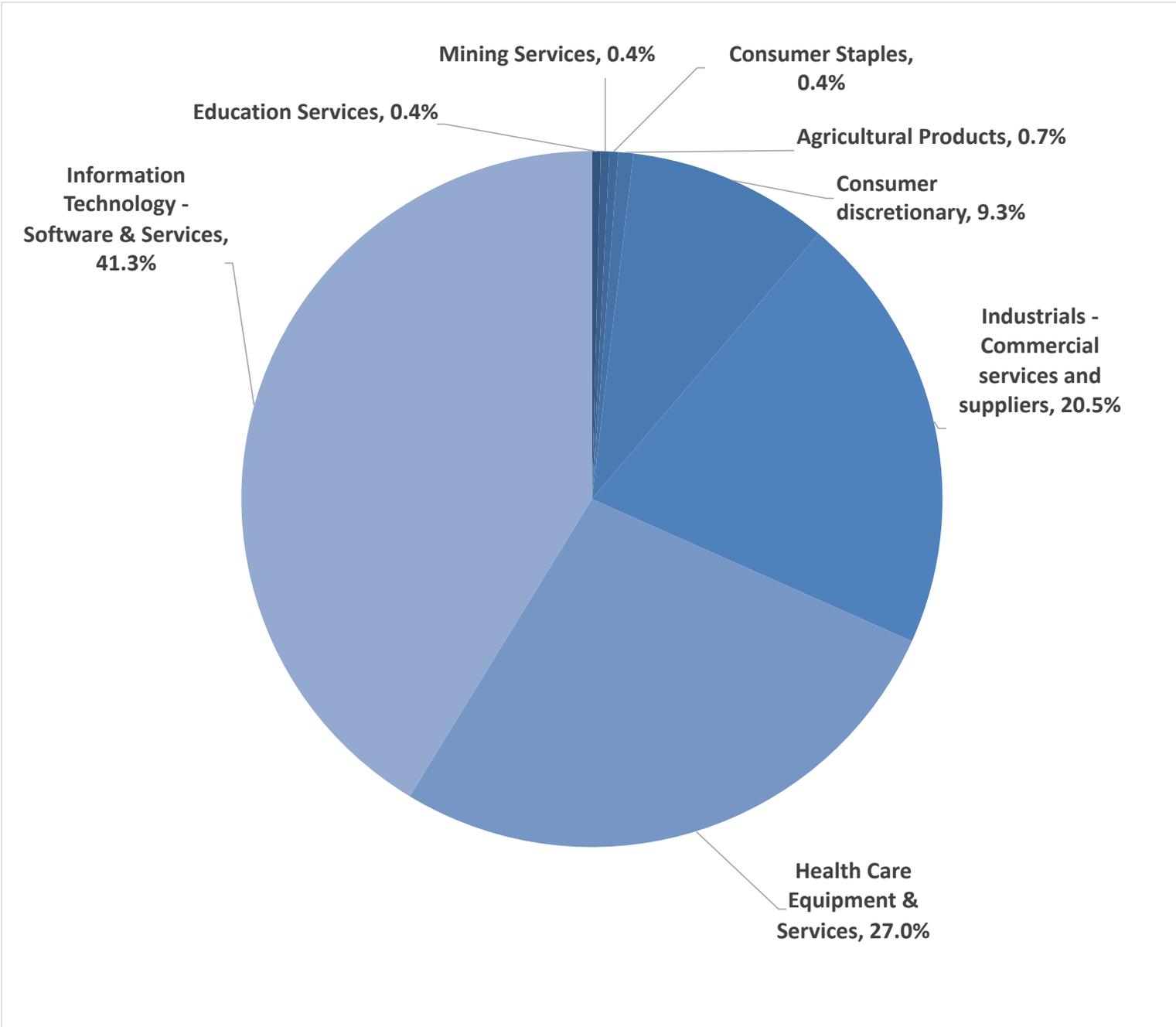
The table below provides a summary of the top ten underlying private equity investments in VPESO's portfolio for which capital had been called from VPESO as at 31 December 2021.

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	21.4%	21.4%
2	Medtech	Advent Partners 2 Fund	Provider of Practice Management Software (PMS)	13.7%	35.1%
3	Railfirst Management	Anchorage Capital Partners Fund III	Rail Leasing Business	9.8%	44.9%
4	Imaging Associates Group	Advent Partners 2 Fund	Diagnostic Imaging Service Provider	7.1%	52.0%
5	Flintfox	Advent Partners 2 Fund	Developer of Trade Revenue Management (TRM) Software	7.1%	59.1%
6	Mandoe	Advent Partners 2 Fund	Australian Horse Feed & Supplement Manufacturer & Distributor	6.9%	66.0%
7	Zero Latency	Advent Partners 2 Fund	Virtual Reality Gaming Developer & Experience Attraction	6.7%	72.7%
8	Specialised Linen Services	Anchorage Capital Partners Fund III	Leading National Laundry Operator	6.2%	78.9%
9	GBST Wealth Management	Anchorage Capital Partners Fund III	Financial Services technology provider to global wealth markets	5.7%	84.6%
10	SILK Laser Clinics Australia	Advent Partners 2 Fund	Premium Provider of Laser and Skin Rejuvenation	5.6%	90.2%

INDUSTRY SPREAD OF VPESO’s UNDERLYING INVESTMENTS

The chart below provides a breakdown of the industry spread of VPESO’s underlying portfolio as at 31 December 2021.

As demonstrated by the chart VPESO’s exposure to the “Information Technology – Software & Services” industry sector, represents the funds largest industry sector exposure at 41.3% of VPESO’s total portfolio at quarter end.



Figure; Industry exposure of VPESO’s underlying investments

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