

LOWER TO MIDDLE MARKET PRIVATE EQUITY AWARD WINNERS



VANTAGE PRIVATE EQUITY FUND MANAGERS SWEEP 2023 AUSTRALIAN INVESTMENT COUNCIL AWARDS

The Australian Investment Council (AIC) held the Annual Investing for Growth Awards during the AIC annual conference on Thursday, 31 August 2023, on the Gold Coast. Every year, the Investing for Growth Awards recognises the industry’s top performers in the private capital industry in Australia.

The awards, assessed by a panel of industry peers, were presented across nine categories during the Council’s two-day annual Australian Investment Conference. They recognise exceptional contributions made by Australian private capital firms in fostering and expanding companies, achieving outstanding financial performance in their portfolio company investments, and delivering positive non-financial outcomes, including social impact in the wider community.

Five of the nine categories were dedicated to the lower to mid-market segment of the private equity asset class in Australia. Vantage’s underlying private equity fund managers won all five awards associated with this segment of the private equity asset class, in which Vantage only invests. This is a testament to Vantage’s investment strategy of selecting underlying funds, managed by the best performing private equity managers in the country, when building each Vantage fund portfolio.

Category	Firm/Fund	Deal
Small-Cap Investment Under \$100MN (Joint Winners)	Allegro Fund II	Pizza Hut
	Mercury Capital Fund 2	FiftyFive5
Mid-Cap Investment \$100-\$250MN	Anchorage Capital Partners Fund 3	RailFirst Management
Upper Mid-Cap Investment \$250- \$500MN	Mercury Capital Fund 3	MessageMedia
Firm of the Year	Allegro Funds	

A summary of each of the award winners are detailed below;

BEST DEAL, SMALL-CAP INVESTMENT UNDER \$100MN (JOINT WINNERS)

Pizza Hut - Allegro Fund II - VPEG2 investee



Allegro acquired the master franchisee licence for Pizza Hut in Australia in 2016 and partnered with the CEO Phil Reed, and the business’s dedicated management team to execute a successful turnaround, transforming the business into a

profitable growing network through an unwavering focus on operational excellence and customer satisfaction. Following its transformation, Pizza Hut has an established network of 259 stores and is now Australia's fastest-growing Quick Service Restaurant network.

Pizza Hut Australia was sold to America's largest restaurant franchise chain operator, Flynn Restaurant Group during June 2023.

FiftyFive5 – Mercury Capital Fund 2 - VPEG2 investee



Mercury Capital Partners Fund 2 acquired Fiftyfive5 in November 2018, through the merger of FiftyFive5 and GalKal. Across Mercury's investment, management helped drive growth by increasing employee count from 105 to over 200 and generated EBITDA growth of ~130%. During December 2022, Mercury sold Fiftyfive5 to Accenture, a NYSE-listed global professional services business. Accenture operates in over 120 countries, employing 721,000 people and has a market capitalisation of US\$190bn.

BEST DEAL, MID-CAP INVESTMENT \$100-\$250MN

RailFirst Management – Anchorage Capital Partners Fund 3 - VPEG3 investee



Anchorage Capital Partners Fund III acquired RailFirst Asset Management in December 2019, which at the time had a dominant market position however, it was an underperforming non-core Australian asset owned by a large American group. Under Anchorage III's ownership, the Company was repositioned to focus on Australia's growing intermodal sector, made material investment in implementing new systems and processes that delivered strong sustainable growth. During October 2022, RailFirst Management was sold to investment firms DIF Capital Partners and Amber Infrastructure for a media reported \$425 million, delivering a ~4.0x Multiple of Invested Capital to Anchorage Fund III investors, including VPEG3.

BEST DEAL, UPPER MID-CAP INVESTMENT \$250- \$500MN

MessageMedia – Mercury Capital Fund 2 & 3 - VPEG2 & VPEG3 investee



Mercury Capital initially invested in MessageMedia via Mercury Capital Fund 2 in August 2018, the business transformed from a primarily Australian and New Zealand SMS provider to the leading global Server Message Block (SMB) Customer Engagement platform. Mercury Capital Fund 3 subsequently invested in MessageMedia across two tranches (November 2019 and January 2020), along with an additional follow-on investment by Mercury Fund 2. These investments further supported the business's transformation in rebuilding the management team, consolidating the platform and the successful add-on investment of US-based messaging platform SimpleTexting.

MessageMedia is today the largest provider of SMS-based marketing and communications in Australia and New Zealand, employing more than 350 people and is estimated to send 420 million messages a month across 200 plus countries on behalf of over 60,000 clients.

In November 2021, MessageMedia was sold for a media reported \$1.7 billion to Sinch, a leading global cloud communications business listed on the Nasdaq Stockholm. Mercury Capital successfully divested their remaining shareholding in Sinch in July 2022, marking the conclusion of their investment in this portfolio company.

FIRM OF THE YEAR FOR 2023

Allegro Funds - Allegro's underlying funds in VPEG2, 3, 4 & 5



Allegro Funds are specialists in “Transformational Capital” – applying capital and expertise to unlock and create value. Allegro invest equity funds on behalf of their investors, and work in partnership with management to realise growth potential and deliver enduring value to their investors.

In September 2008, Allegro became the first fund manager to be backed unanimously by institutional investors to replace the incumbent manager of an Australian private equity fund, when it was appointed to manage the \$300 million ABN AMRO Capital Australia Fund II (renamed Allegro Private Equity Fund I).

To date Allegro Funds have managed over \$3.2 billion in assets under management across a deal by deal strategy (Allegro Fund I) and three further dedicated Funds Allegro Fund, II, III, and IV. Across these investment vehicles the manager has invested across 21 portfolio companies and has successfully exited 10 of these portfolio companies.

Allegro is recognised as a leading turnaround focused, private equity fund manager in the mid-market segment. Allegro's team bring deep and varied experience in investing, turnaround management and operational value creation. Allegro have a proven ability to originate, evaluate and execute in line with their investment thesis in quality deals, to drive value from mid-market businesses.

REMINDER: VPEG5 REMAINS OPEN FOR INVESTMENT UNTIL 17TH DECEMBER 2023

VPEG5 focuses on investments in the lower to middle market segment of private equity across Australia and New Zealand, which is historically the most profitable segment of private equity investing. VPEG5 continues the same successful investment strategy implemented by Vantage's previous Funds VPEG2 and VPEG3, which have delivered investors net annualised returns of 19.0% p.a. and 18.0% p.a, respectively since their inception through to 30 June 2023. These returns have been contributed to by these award winning exits completed across FY23, as well as the strong returns delivered from previously completed exits from each respective Vantage Fund portfolio.

As at 30 June 2023, Vantage Funds had invested in 31 Private Equity Funds, who in turn had invested in 169 companies across a broad range of industry sectors and had exited (sold) 88 of these investments generating a gross 2.9x multiple of invested capital delivering an average gross Internal Rate of Return of 49.7% p.a.

To date, VPEG5 has made investment commitments totalling \$159 million across eight primary private equity funds and four co-investments. As a result, 15 unique underlying investments exist within VPEG5's portfolio. VPEG5's investment commitments include \$20 million to each of Anchorage Capital Partners Fund IV, Allegro Fund IV, Advent Partners 3 Fund, CPE Capital 9, Riverside Australia Fund IV, Next Capital Fund V and \$15 million to Mercury Capital Fund twenty2. VPEG5's co-investments include \$1 million to each of Gull New Zealand, EventsAir, CompareClub and Pac Trading.

Applications to invest in VPEG5 will remain open until the Fund's final close at 5:00pm, 17th December 2023.

If you wish to learn more about VPEG5 as a potential investment, please contact your financial advisor or alternatively email info@vantageasset.com to request more information.