

VPESO

ANNUAL REPORT

For the period ending 30 June 2022
Vantage Private Equity Secondaries Opportunities Fund

DIVERSIFY. GROW. OUTPERFORM.

2022

INVESTMENT MANAGER



CORPORATE DIRECTORY

DIRECTORS OF THE TRUSTEE

Michael Tobin B.E., MBA, DFS, FAICD
Managing Director

David Pullini B.E., MBA, GDAFI.
Director

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Vantage Private Equity Secondaries Opportunities Fund

Will be held via video conference

Date: 29 November 2022

Time: 10:00am

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 39, Aurora Place
88 Phillip Street
Sydney NSW 2000

AUDITORS

Ernst & Young
The EY Centre
200 George Street
Sydney NSW 2000

SOLICITORS

Corrs Chambers Westgarth
Level 17, 8 Chifley
8/12 Chifley Square
Sydney NSW 2000

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TRUSTEE AND MANAGERS' REPORT

Vantage Private Equity Secondaries Opportunities Fund (VPESO or the Fund) is an open-ended wholesale, Australian unit trust, structured as a Managed Investment Trust (MIT). The Fund has been 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 investments.

Vantage Asset Management Pty Limited (Vantage) is the Manager of VPESO and Vantage Asset Services Pty Ltd is the Trustee of Vantage Private Equity Secondaries Fund. The Manager, Vantage Asset Services Pty Ltd and the Directors of the Trustee of VPESO hereby present their report together with the financial statements of VPESO for the period ended 30 June 2022.

DIRECTORS

The following persons are the Directors of Vantage Asset Services Pty Ltd and Vantage Asset Management Pty Limited:

Michael Tobin
Managing Director

David Pullini
Director

PRINCIPAL ACTIVITY

The principal activity of the Fund is for investment by way of secondary acquisitions into and co-investments alongside professionally managed Private Equity funds focussed on investing in the Later Expansion and Buyout stages of Private Equity, predominately in Australia and New Zealand.

The principal objective of the Fund is to provide investors with the benefit of a well-diversified secondary Private Equity and co-investment portfolio. This is achieved by focusing on secondary acquisitions and investments to private equity funds that invest in profitable businesses that are at a more mature stage of development, and in particular the later expansion and buyout stages of Private Equity investment.

TRUSTEE AND MANAGERS' REPORT (CONT.)

FUND PERFORMANCE HIGHLIGHTS SINCE INCEPTION TO 30 JUNE 2022

- Fund inception 27 July 2021
- 16,016,600 units issued at \$1.00 per unit across initial capital raise tranches on 27 July 2021 and 31 August 2021
- \$18.15m in secondary acquisitions completed across the period
- \$16.39m of Capital Drawn by underlying Private Equity Funds
- A total of 47 unique underlying company investments have been completed with an average hold period of 2.5 years
- 3 underlying company investments sold delivering an average gross 5.9x multiple of invested capital
- \$0.76m in total distributions received from underlying funds during the period,
- \$3.19m Net Profit for the period in the Funds first year of operations
- 22.0% total return to VPESO investors, across FY22
- 24.0% p.a.¹ after fees Annualised Return delivered by VPESO since inception to 30 June 2022.

DISTRIBUTIONS

Following the end of the financial period, a cash distribution of **\$480,498 (\$0.03 per unit)** was declared paid by the Trustee of VPESO, as a return of capital. This distribution will be paid prior to 31 October 2022, to all VPESO unitholders who were on the register as at 30 June 2022.

1. Before Performance Fees

ECONOMIC CONDITIONS ACROSS FINANCIAL PERIOD 2022

The September 2021 quarter was particularly challenging across Australia and New Zealand, with both countries experiencing a surge in the number of COVID-19 cases, with restrictions in place to counteract these rising numbers.

This resulted in a GDP contraction of 1.9% in Australia and 3.7% in New Zealand. Closed international borders, combined with rising property prices, strong household consumption and ongoing global demand for commodities also resulted in the first signs of inflationary pressures across Australia and New Zealand, which jumped to 3.8% and 3.3% for FY21, respectively. This was likely a factor in the RBNZ announcing its first rate rise of 25bps to 0.5% in October 2021.

In Australia, the December 2021 quarter commenced with the reopening of New South Wales and Victoria following a stringent lockdown period instituted in response to the outbreak of the COVID-19 Delta variant. With the easing in restrictions, the economy rebounded quicker than previously anticipated, supported by the return of domestic tourism in the eastern Australian states and the surge in retail sales from the release of pent-up demand and robust pre-Christmas trading.

During December, evidence of the new COVID-19 variant was detected in Australia and the number of cases continued to increase, particularly in New South Wales and Victoria. The spread of the Omicron variant had considerable social and economic impacts domestically, including the material contraction of consumer spending. Public markets continued to climb during the quarter before cooling in the last weeks of January 2022 to a 6-month low. Corporate cash balances were at elevated levels following a prolonged period of under investment.

TRUSTEE AND MANAGERS' REPORT (CONT.)

ECONOMIC CONDITIONS ACROSS FINANCIAL PERIOD 2022 (CONT.)

The March 2022 quarter had a number of macroeconomic shocks impacting the global economy. However overall, the Australian economy had more positives than negatives compared to most countries. The picture in New Zealand was similar although more muted. There were positive indicators that the Australian economy had prospects for a strong expansion for the remainder of the 2022 calendar year. Household wealth had increased strongly since the initial outbreak of COVID-19, with savings accumulating while spending opportunities were constrained by lockdowns.

The tail end of the quarter also saw a positive recovery in the labour market, with the unemployment rate, which peaked at 7.4% in mid-2020, moving below 4% for the first time since 1974 and labour force participation at historically high levels.

Domestic and global markets experienced an eventful June quarter, as governments and central banks continued to navigate the economic fall-out of the pandemic, the Russian invasion of Ukraine and domestically, the flooding crisis in New South Wales and Queensland. This reset a number of the economic forecasts that were expected in the latter half of 2022.

The dominant economic concern emanating from these events was, and continues to be the surge in inflation. As CPI measures trend to historical highs in many countries, central banks commenced policy tightening measures in an effort to combat the rising cost of living. A major contributing factor in Australia has been energy costs, which have not only been impacted by ongoing supply issues from Russia, but a reduction in the thermal power domestically due to unplanned outages at multiple generators.

This was exacerbated by a sharp increase in demand resulting from extreme weather events in New South Wales and Queensland. The east coast floods also significantly impacted the supply of fresh fruits and vegetables, driving up the price of food and further contributing to the spike in inflation.

The Reserve Bank of Australia (RBA) responded to inflationary pressures with four consecutive cash rate increases of 50 basis points in June, July, August, September 2022, followed by a 25 basis point increase in October 2022, bringing the overall cash rate to 2.60%. The RBA have indicated that further increases to the cash rate are likely over the remainder of the calendar year, as they endeavour to bring the inflation rate of 6.1% for the twelve months to June 2022, back in the 2-3% target range.

On a positive note, in April 2022, the Australian Government announced a relaxing of testing requirements for all travellers to Australia. This has since stimulated inbound tourism, with (at current rates) numbers forecast to reach prepandemic levels by the end of the calendar year. Further, Australian consumer spending is still riding the re-opening momentum that emerged from previous lockdowns. It continues to be supported by the high level of household savings accumulated over the pandemic, a dynamic that endured through the September quarter.

Underpinning this is Australia's strong labour market, where key employment measures such as unemployment, underemployment and participation rates are trending at positive historical levels. These factors will allow Australia to approach the challenging economic period ahead from a position of strength, with households and businesses better equipped to weather the storm.

TRUSTEE AND MANAGERS' REPORT (CONT.)

CONSISTENT MOMENTUM OF PRIVATE EQUITY ACTIVITY IN VPESO'S MARKET SEGMENT

Despite a subdued start to the period, private equity firms experienced significant activity during Q2 FY22, with 15 buyout transactions announced or completed, in addition to 17 private equity exits across Australia and New Zealand. Deal flow was strong through the quarter, however tailed off towards the end of the calendar year which is generally expected, however this continued into January/February 2022, a period that usually experiences an uptick in M&A activity.

During the back half of 2022, despite the ongoing uncertainty relating to COVID-19, global political tensions and inflationary pressures, M&A activity remained strong, with a record \$140 billion worth of deals being announced in Australia and New Zealand. This represented the highest value of completed deals within a six-month period since 2007.

In private equity, 11 buyout deals were completed (ten in Australia and one in New Zealand) as well as four exits (all in Australia).

In addition to primary private equity fund activity, the value of global secondary transactions reached \$57 billion in the first half of 2022 calendar year, an 18.8% increase for the same period last year. It is estimated that PE secondary transaction volumes will surpass \$120 billion by the end of the 2022 calendar year. The reason for the increase in transaction value is as a result of limited partners rebalancing their portfolios as they become overweight private equity due to the share market sell off, reducing the value of their public equities proportion of their portfolio's.

This rise in selling will lead to a decline in secondary pricing, allowing for VPESO to enter into negotiations with sellers to acquire attractive direct secondary targets into Australia lower to middle market investments.

Moving forward, underlying fund managers will continue to explore new deal opportunities to deploy capital and expand their existing portfolio. With the IPO window having closed, in addition to recessionary worries permeating across the local and global economy, its' likely these conditions will create opportunities on the buy-side. The general outlook for new deal opportunities appears to be strong, supported by vendor concerns of a changing valuation market and the loss of public markets as a potential source of capital given the broader ongoing equity sell-off occurring in early FY23.

For VPESO's private equity managers, these conditions will broaden the ability to perform strategic, cost-effective acquisitions as sector multiples begin to decline. From a funding perspective, banks are assessing new deals through a recessionary lens, however, are continuing to financially support deal activity, although this will likely be at higher rates than seen in previous years.

As such, it is expected that Private Equity investment activity within VPESO's underlying portfolio will be at elevated levels across the short to medium term, as managers undertake due diligence on a number of attractive investment opportunities, which once completed, will ultimately be added to VPESO's portfolio across the remainder of the 2022 calendar year and into 2023.

TRUSTEE AND MANAGERS' REPORT (CONT.)

REVIEW OF VPESO'S OPERATIONS

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.

This is achieved by VPESO acquiring direct secondary positions in existing Private Equity funds. The Fund will also 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.

The Trustee of VPESO has been appointed as an authorised representative of Vantage and the skills and expertise of the full Vantage team is utilised to undertake the Investment Management of the Fund.

Established in 2004, Vantage is a leading independent investment management company with expertise in Private Equity, funds management, manager selection and operational management. Vantage is Australian owned and domiciled with operations in Sydney and Melbourne and holds Australian Financial Services Licence (AFSL) No. 279186.

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.

The majority of Capital raised by the Fund, was 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 \$3,147,165 of commitments and investments across Vantage Private Equity Growth 3, LP and Vantage Private Equity Growth Trust 3A.

In general Application Monies received from Unitholders are initially invested into the Fund to meet the obligations of the Fund, which include the funding of secondary acquisitions and underlying investments as they are made. The remainder of the capital is invested in liquid investments such as cash and term deposits, until they are required to be drawn to meet future investment obligations and other expenses.

As income is received by the Fund it will generally be reinvested back into the Fund with investors receiving additional units for their pro-rata reinvestment amount. Otherwise, income will be distributed to investors who elect to receive the distributions in cash.

As at 30 June 2022, a total of \$16,393,203 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 additional portfolio company investments completed to date. VPESO has also committed an investment of \$2m to Gull NZ, alongside Allegro Fund IV (completed during July 2022). As a result, VPESO ultimately held interests and commitments in 47 underlying company investments.

TRUSTEE AND MANAGERS' REPORT (CONT.)

NEW SECONDARY PRIVATE EQUITY FUND ACQUISITIONS

During the financial period ended 30 June 2022, VPESO acquired a total of \$18.15m in secondary commitments and investments from two private equity funds and one fund of funds. These acquisitions are summarised below;

\$10.0m Secondary Acquisition of Advent Partners 2 Fund

- During the August 2021, VPESO completed the secondary acquisition of a \$10m investment commitment and the underlying investments in the Advent Partners 2 Fund (AP2).

AP2, managed by leading Australian mid-market private equity manager, Advent Partners of Melbourne, is a \$300m fund established in 2017, for investment into lower to mid-market expansion and buyout opportunities in Australia and New Zealand.

\$5.0m Secondary Acquisition of Anchorage Capital Partners Fund III

- During the September 2021 quarter, VPESO completed the secondary acquisition of a \$5m investment commitment and the underlying investments in Anchorage Capital Partners Fund III (ACPIII).

Anchorage Capital Partners Pty Ltd was formed in 2007 by Phillip Cave and Daniel Wong as a dedicated private equity firm that focuses on control investments in established businesses with a strong market position or brand which are not performing at their full potential, often as a result of capital constraints, lack of management attention or being a non-core 'orphan' in a large corporate.

\$3.15m of Secondary Positions Acquired in Vantage Private Equity Growth 3 (VPEG3)

- Vantage Private Equity Growth 3 (VPEG3) is a multi-manager Private Equity investment fund consisting of Vantage Private Equity Growth 3, LP (VPEG3, LP) an Australian Fund of Funds (AFOF) Limited Partnership and Vantage Private Equity Growth Trust 3A (VPEG3A) an Australian Unit Trust, established to undertake private equity investments that are not permitted to be made by an AFOF, in accordance with Australian regulations.

VPEG3's investment commitments include; \$12 million to Allegro Fund III; \$10 million to each of Adamantem Capital Fund 1, Advent Partners 2 Fund, Anchorage Capital Partners Fund III and Next Capital Fund IV, \$7.5 million to Mercury Capital Fund 3 and \$7 million to Odyssey Private Equity Fund 8.

NEW UNDERLYING CO-INVESTMENT COMMITMENT

As at 30 June 2022, VPESO had committed \$2.0 million to one co-investment. This co-investment was as follows:

\$2.0m Co-investment into Gull New Zealand

- During May 2022 VPESO approved a co-investment commitment alongside **Allegro Fund IV** into **Gull New Zealand**, a leading independent fuel distributor and retailer in New Zealand with a prominent challenger brand through its network of 112 fuel sites across the country. VPESO funded the co-investment, once it was completed by Allegro, during June 2022.

Established in 1998, Gull is a leading New Zealand independent fuel distributor and retailer with a network of 112 primarily unmanned fuel stations and a 91ML fuel import Terminal in Mount Maunganui.

TRUSTEE AND MANAGERS' REPORT (CONT.)

VPESO'S PRIVATE EQUITY PORTFOLIO AND COMMITMENTS, AS AT 30 JUNE 2022, WERE AS FOLLOWS:

VPESO, with commitments to and investments in two primary private equity funds, one fund of funds and one coinvestment, ultimately had committed to and invested in 47 underlying company investments. As at 30 June 2022,

VPESO's Private Equity portfolio and commitments, 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 Fund	\$300m	2017	Lower to Mid Market Growth / Buyout	\$10.00m	\$9.21m	7	1
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Turnaround / Buyout	\$5.00m	\$4.22m	4	-
Vantage Private Equity Growth 3, LP	\$600m	2019	Fund of Funds - Lower to Mid Market Growth / Buyout / Turnaround	\$3.15m	\$2.96m	46	6
Co-Invest No. 1 Gull New Zealand	~\$500m	2020	Mid Market Special Situations	\$2.00m	\$0.00m	1	-
TOTAL¹				\$20.15m	\$16.39m	47	6

1. Total No. of Investee Companies and No. of Exits excludes duplicates.

As a result of the completed secondary acquisitions of commitments and investment in two direct underlying private equity funds and also the acquisition of interests in a Fund of Funds, the amount of capital paid by or drawn from VPESO during the period totalled \$16.39m as at 30 June 2022.

This resulted in the number of underlying company investments in VPESO's portfolio to increase to 47 during the period. In addition, seven "bolt on" acquisitions were completed by five existing portfolio companies, to expand their operations during the period.

TRUSTEE AND MANAGERS' REPORT (CONT.)

NEW UNDERLYING PRIVATE EQUITY COMPANY INVESTMENTS ANNOUNCED OR COMPLETED DURING THE PERIOD INCLUDED:

by Advent Partners 2 Fund (and VPEG3)

- **Zero Latency** (August 2021), the global leader in the multi-player, free roam virtual reality ('FRVR') space.
- **Imaging Associates Group "IAG"** (September 2021), one of the leading independent providers of diagnostic imaging services in Victoria and regional New South Wales.

by VPEG3 Investee Mercury Capital Fund 3

- **E&P Financial Group** (July 2021), an ASX-listed diversified financial services business, with service offerings across wealth management, funds management and corporate advisory.
- **Architectus** (October 2021), a market leader in the Australian commercial architecture market.
- **Re. Group** (April 2022), an Australian owned recycling company that provides high quality solutions for recycling and the recovery of resources.

by Anchorage Capital Partners Fund III (and VPEG3)

- **GBST Wealth Management** (December 2021), a provider of financial services technology to the capital market and wealth management sectors globally.

by VPEG3 Investee Next Capital Fund IV

- **Jucy** (June 2022), a New-Zealand based tourism business offering campervan and car rentals, with operations across Australia and New Zealand. The deal was completed in August 2022.

by VPEG3 Investee Allegro Fund III

- **Toll Global Express** (July 2021), an Australian transportation and logistics company with operations in road, rail, sea, air and warehousing.

TRUSTEE AND MANAGERS' REPORT (CONT.)

SIGNIFICANT BOLT ON ACQUISITIONS COMPLETED DURING THE PERIOD INCLUDED:

by VPEG3 Investee Mercury Capital Fund 3

- **Green Options** performed a number of bolt-on acquisitions during the financial period as part of their strategy of consolidating the Australian and New Zealand landscape services market. This included acquisitions of **Super Gardens** (July 2021), **Skyline Landscape Services** (December 2021) and **Recreational Services** (December 2021). Following these acquisitions, **Green Options** renamed as **Australasian Landscape Services ("ALS")**, and became the largest provider of landscape solutions in Australia and New Zealand with a 12% market share.
- During the March 2022 quarter, **ARE Media Group** completed the bolt-on acquisition of **Hard to Find (HTF)**, a leading ecommerce business in Australia. The acquisition represented a major milestone for the company as Mercury Capital Fund 3 continued to pursue its' investment plan of establishing new, diversified revenue streams to support the core publishing business, as well as to grow the ecommerce presence of the Group.
- Mercury's investment into **Re. Group** facilitated the bolt-on acquisition and subsequent merger of **Polytrade**, a recycling, sorting and processing business operating across Australia. The merged entity creates Australia's largest network of recycling facilities, operating from coast to coast and servicing communities in metropolitan and regional locations.

by VPEG3 Investee Allegro Fund III

- In the March 2022 quarter, **Questas** performed the bolt-on acquisition of **Australian Surface Technology**, a leading hydraulics business specialising in hard chrome plating, cylindrical grinding and pump shaft repair. The acquisition further increased Questas' growing customer base spread across the heavy industrial, manufacturing and resources industries.

by VPEG3 Investee Adamantem Capital Fund I

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

TRUSTEE AND MANAGERS' REPORT (CONT.)

SUMMARY OF TOP TEN UNDERLYING COMPANY INVESTMENTS

The table below provides a summary of the top 10 underlying company investments in VPESO's portfolio, for which funds have been drawn from VPESO, as at 30 June 2022. As demonstrated in the table, the top 10 investments in VPESO's underlying portfolio represented 90.5% of VPESO's total Private Equity Portfolio as at 30 June 2022.

RANK	UNDERLYING INVESTMENT	FUND	DESCRIPTION	% OF VPESO'S PRIVATE EQUITY INVESTMENTS	CUMULATIVE %
1	Company Education	Advent Partners 2 Fund	Student Information System Software / Services Provider	22.2%	22.2%
2	Medtech Global	Advent Partners 2 Fund	Provider of Practice Management Software	14.2%	36.4%
3	Rail First Asset Management	Anchorage Capital Partners Fund III	Rail Leasing Business	12.1%	48.5%
4	Flintfox	Advent Partners 2 Fund	Developer of Trade Revenue Management Software	8.9%	57.4%
5	Imaging Associates Group	Advent Partners 2 Fund	Diagnostic Imaging Service Provider	7.4%	64.8%
6	Zero Latency	Advent Partners 2 Fund	Virtual Reality Gaming Developer & Experience Attraction	6.9%	71.7%
7	Mandoe Media	Advent Partners 2 Fund	Digital Signage & Customer Engagement Software Services	6.3%	78.0%
8	Specialised Linen Services	Anchorage Capital Partners Fund III	Leading National Laundry Operator	4.9%	82.9%
9	GBST Wealth Management	Anchorage Capital Partners Fund III	Financial Services Technology Provider to Global Wealth Markets	4.5%	87.4%
10	Scott's Refrigerated Logistics	Anchorage Capital Partners Fund III	Temperature Controlled Road & Rail Transport	3.1%	90.5%

TRUSTEE AND MANAGERS' REPORT (CONT.)

COMPLETED EXITS DURING FY22

In November 2021, **VPEG3 investee Mercury Capital Fund 3 (MCF3)**, completed the sale of portfolio company **MessageMedia** to **Sinch**, a leading global cloud communications business listed on the Nasdaq Sweden (STO).

At the time of completion of the transaction, it was one of the largest value Australian technology company sales ever completed. The sale delivered exceptional returns for Mercury Capital Fund 3 investors, including VPESO over a 1.6 year investment period.

On 9 July 2021, **VPEG3 investee Allegro Fund III** announced the exit via IPO of portfolio company **Best & Less Group**. On 26 July 2021, Best & Less Group (ASX:BST), successfully listed on the ASX after experiencing significant institutional and retail investor demand, raising \$60 million at \$2.16 per share, with an implied market capitalisation of \$271 million. Allegro Fund III sold 41% of their shareholding immediately after the completion of the IPO, retaining 42% shareholding that is subject to a staged escrow arrangement. The first parcel was released from escrow in February 2022, with the remaining parcels being released during August 2022 and February 2023 following BLG's results announcements for the relevant periods. In August 2022, it was announced Allegro Fund III entered into a block trade agreement for the selldown of 11.1% of the company, reflecting a portion of the shares released from escrow.

The partial exit of the Best & Less Group delivered exceptional returns for Allegro Fund III investors, including VPEG3, and resulted in the fund winning turnaround deal of the year for 2021 by the Turnaround Management Association Australia (TMA Australia).

ANNOUNCED EXITS DURING FY22

In June 2022, **VPEG3 investee Odyssey Private Equity Fund 8 (OPE8)**, announced the sale of 100% of the shares in **Mining Technologies Holdings Pty Ltd (MST)** to Komatsu Ltd, a leading global organisation, listed on the Japanese stock exchange with a market capitalisation of \$33 billion.

Odyssey Fund 8 acquired MST in 2018 via a Management Buyout, partnering with the existing CEO and CFO to buy the business. Over the past four years, Odyssey Private Equity and the management team positioned MST to be a global leader in the digital technology used in the underground mining space.

The transaction was completed on 1 July 2022, and delivered strong returns for Odyssey Fund 8 investors, including VPESO, across the investment hold period.

These three exits that were either completed or announced during FY22 generated an average gross 5.9x multiple of invested capital over an average hold period of 2.5 years. Since the inception of VPEG3, the 6 exits completed from VPEG3 to date have generated an average gross 5.4x multiple of invested capital over an average hold period of 2.8 years.

TRUSTEE AND MANAGERS' REPORT (CONT.)

FINANCIAL PERFORMANCE OF THE FUND

During the period, 16,016,600 fully paid units were issued to VPESO investors at \$1.00 per unit. All interests in VPESO are of the same class and carry equal rights. As a result, total Unitholder contributions totalled \$16,016,600 at period end.

Total distribution income received by the Fund across FY22 was \$759,326. This represented the interest earned on cash and term deposits as well as from the distributions received by VPESO from underlying private equity funds as a result of the further realisation of a previously exited, now ASX listed portfolio company, SILK Laser Clinics, in September 2021. Distributions from VPESO's Private Equity Portfolio are expected to increase in the short to medium term as underlying managers enter into later stage negotiations to exit a number of underlying portfolio companies across, which when completed will provide further distributions and value to VPESO investors across FY23 into FY24.

VPESO's total funds invested in cash and term deposits as at 30 June 2022 were \$273,252. The mix of investments in cash and term deposits provides an income yield while ensuring an appropriate level of liquidity, to meet future calls by underlying Private Equity fund managers, as new private company investments are added to the portfolio.

Operational costs incurred by the Fund for the period ended 30 June 2022 totalled \$1,011,257. The majority of these expenses consisted of advisor referral fees, costs associated with the management of the Fund and the FY22 performance fees accrued to the Manager at the conclusion of the period.

Furthermore, a revaluation increment of \$3,436,430 for VPESO was booked the period ended 30 June 2022. This revaluation increment resulted predominately from the increase in unrealised value of a number of VPESO's underlying portfolio companies across the period. The uplift in unrealised value across the portfolio throughout the period was attributed to an increase in earnings as a result of continued increase in business and consumer spend across the 2022 financial year.

As a result of VPESO reporting a substantial net gain in value of its underlying investments, offset by the operating costs of the Fund, VPESO, recorded a total profit for the financial period \$3,194,011. As a result, Net Assets Attributable to Unitholders totalled \$18,730,113 equating to \$1.169 per unit as at 30 June 2022.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period ended 30 June 2022, VPESO commenced the development of the Funds Secondary investment and co-investment portfolio. There were no significant changes in the state of affairs of the Fund during the period.

TRUSTEE AND MANAGERS' REPORT (CONT.)

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to 30 June 2022, VPESO completed a \$2.0m co-investment commitment alongside **Next Capital Fund IV** into **Compare Club**, one of Australia's leading personal finance marketplaces, currently offering comparison and brokerage services across health insurance, life insurance and home loan products.

Further details of new underlying investments of the Fund will be provided in the VPESO September 2022 quarterly investor report to be emailed to all investors during November 2022 and available on the Fund's website at www.vpeso.info. The manager expects the number of direct secondary acquisitions added to the portfolio to grow as the Fund matures and further investment commitments are made into additional co-investment opportunities.

In the opinion of the Trustee and Directors, no other matter or circumstance has arisen since 30 June 2022 to the date of this report that otherwise has significantly affected, or may significantly affect:

- a) the Fund's operations in future financial years, or
- b) the results of those operations in future financial years, or
- c) the Fund's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The operations of the Fund will continue as planned with new direct secondary positions acquired into private equity funds and further underlying investments to be made by (and through) underlying Private Equity funds. Additionally, as the portfolio progressively matures, the manager expects an increase in the number of exits to occur in VPESO's underlying portfolio to be completed across calendar year 2023 and into 2024.

ENVIRONMENTAL REGULATION

The operations of this Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

INFORMATION ON INVESTMENT COMMITTEE MEMBERS

The following persons served on VPESO's Investment, Audit and Risk Committee (Investment Committee) during the period and up to the date of this report:

Michael Tobin
Investment Committee Member
and Managing Director Vantage

David Pullini
Investment Committee Member
and Director of Vantage

TRUSTEE AND MANAGERS' REPORT (CONT.)

MICHAEL TOBIN

B.E., MBA, DFS, FAICD

Investment Committee Member and Managing Director of Vantage



DAVID PULLINI

BE, MBA, GDAFI.

Investment Committee Member and Director of Vantage



Experience and expertise

Michael is the Managing Director of Vantage and responsible for the development and management of all private equity fund investment activity at Vantage and its authorised representatives, and has managed Vantage's funds share of investment into over \$7 billion of Australian Private Equity funds resulting in more than \$8 billion of equity funding across 150 underlying portfolio companies.

Michael is also responsible for the operational and compliance management of all Vantage managed funds and investment vehicles. Michael has over 30 years' experience in private equity management, advisory and investment as well as in management operations.

Michael was formerly Head of Development Capital and Private Equity at St George Bank where he was responsible for the management and ultimate sale of the bank's commitments and investments in \$140m worth of St George branded private equity funds. Michael also established the St George Bank's private equity advisory business, which structured and raised private equity for corporate customers of the bank. Michael has arranged and advised on direct private equity investments into more than 40 separate private companies in Australia across a range of industry sectors.

Michael holds a BE (UNSW), an MBA (AGSM) and a Diploma of Financial Services (AFMA) and is a Fellow of the Australian Institute of Company Directors.

Experience and expertise

David is a Director of Vantage and has more than 25 years of general management, business development, investment, advisory, acquisitions and divestment experience. In 2005 David was a founding partner of O'Sullivan Pullini, a firm that became recognised as a leading investment bank in Australia. O'Sullivan Pullini completed M&A transactions worth over A\$10 billion in value across multiple industry sectors and to a broad cross-section of clients. The firm was particularly active in advising in the Private Equity space, including successful advisory mandates for Kohlberg Kravis Roberts (KKR) on the acquisition of the Australian businesses of Cleanaway and Brambles Industrial Services from Brambles Industries, the establishment of a A\$4 billion joint venture with the Seven Network and the later divestment of Cleanaway.

Prior to co-founding O'Sullivan Pullini, David managed international corporate businesses for fifteen years in Australia and Europe. For the eight years David was based in Europe, he managed a portfolio of Brambles European based businesses. David has deep experience and understanding of the key drivers of profitable business growth and the levers of value creation. David holds a BE Hons. (UTS), an MBA (IMD) and a Graduate Diploma of Applied Finance (SIA).

TRUSTEE AND MANAGERS' REPORT (CONT.)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial period, Vantage paid a premium for insurance cover for the Manager and Trustee of the Fund and its Directors and officers and VPESO investment committee members in relation to the operations of VPESO.

In accordance with the Fund's trust deed, the Manager and Trustee will be indemnified out of the Fund in respect of all fees, expenses and liabilities incurred in relation to the Fund unless the Manager or Trustee has acted with fraud, gross negligence or in breach of Fund.

Also, in accordance with the Investment, Audit & Risk Committee Charter & Agreement entered into between Vantage and each Investment Committee member, Vantage will indemnify Investment Committee Members out of Fund Property for any liabilities incurred by Investment Committee Members in properly performing their role, except to the extent such liability results from the fraud of or breach of duty by the Investment Committee Member.

PROCEEDINGS ON BEHALF OF THE FUND

No person has applied to the Court to bring proceedings on behalf of the Trustee or intervene in any proceedings to which the Trustee is a party for the purpose of taking responsibility on behalf of the Trustee for all or any part of those proceedings.

The Trustee was not a party to any such proceedings during the period. This report has been made in accordance with a resolution of the directors.



Michael Tobin
Managing Director

Sydney
27 October 2022



David Pullini
Director

VPESO FINANCIAL STATEMENTS

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VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 12 JULY 2021 TO
30 JUNE 2022
\$**INVESTMENT INCOME**

Distribution income	2	759,326
Interest income		9,514
Net changes in fair value of investments held at fair value	5a	3,436,430
Total investment income		<u>4,205,270</u>

OPERATING EXPENSES

Accountancy fees		(8,108)
Audit fees		(9,734)
Establishment costs		(59,230)
Advisor referral fees		(317,350)
Investment administration fees		(36,900)
Performance fees		(323,126)
Management fees		(234,907)
Registry fees		(16,555)
Other expenses		(5,349)
Total operating expenses		<u>(1,011,259)</u>
Profit for the period, representing total comprehensive income for the period		<u>3,194,011</u>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTE	2022 \$
ASSETS		
Current assets		
Cash and cash equivalents	3	273,252
Receivables	4	7,765
Total current assets		281,017
Non-current assets		
Investments at fair value through profit or loss	5	19,829,633
Total non-current assets		19,829,633
Total assets		20,110,650
LIABILITIES		
Trade and other payables	6	900,038
Distribution payable	9	480,498
Total current liabilities		1,380,537
Total liabilities		1,380,537
Net assets		18,730,113
EQUITY ATTRIBUTABLE TO UNITHOLDERS		
Unitholders capital	8	16,016,600
Retained earnings	9	3,194,011
Distributions paid to Unitholders		(480,498)
Total equity attributable to Unitholders		18,730,113

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

	NOTE	UNITHOLDERS CAPITAL \$	RETAINED EARNINGS \$	TOTAL \$
Balance at 12 July 2021		-	-	-
Transactions with owners, in their capacity as owners				
Calls during the period	8	16,016,600	-	16,016,600
Distributions paid or payable during the period	7	-	(480,498)	(480,498)
Total transactions with Unitholders		16,016,600	(480,498)	15,536,102
Profit for the period, representing total comprehensive income for the period		-	3,194,011	3,194,011
Balance at 30 June 2022		16,016,600	2,713,513	18,730,113

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES
STATEMENT OF CASH FLOWS
 FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 12 JULY 2021 TO
 30 JUNE 2022
 \$

Cash flows from operating activities

Income distributions received		759,326
Interest received		9,514
Expenses paid to suppliers		<u>(442,109)</u>
Net cash used in operating activities	11	<u>326,731</u>

Cash flows from investing activities

Payments to acquire financial assets	5	(16,393,203)
Receipts from related parties		<u>323,124</u>
Net cash used in investing activities		<u>(16,070,079)</u>

Cash flows from Unitholders' activities

Proceeds from issue of units	8	<u>16,016,600</u>
Net cash from Unitholders' activities		<u>16,016,600</u>

Net increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period		<u>-</u>
Cash and cash equivalents at end of the period	3	<u><u>273,252</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting framework

Vantage Private Equity Secondaries Opportunities ("the Fund", "VPESO") is not a reporting entity as in the opinion of the directors of Vantage Asset Services Pty Ltd ("the Trustee") there are unlikely to exist any users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the reporting requirements under the Fund's trust deed.

The financial statements are presented in Australian dollars and were authorised for issue on 27 October 2022.

Statement of Compliance

This special purpose financial report has been prepared in accordance with the Fund's trust deed, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations and the disclosure requirements of Accounting Standards AASB 101 "Presentation of Financial Statements", AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors", AASB 107 "Statement of Cash Flows" and AASB 1054 "Australian Additional Disclosures". The disclosure requirements of other accounting standards have not been adopted in full. AASB 127 "Consolidated and Separate Financial Statements" has not been adopted in preparation of this special purpose financial report.

Significant accounting policies

Significant accounting policies adopted in the preparation of the financial statements are set out below.

Basis of Preparation

The financial report is prepared on an accruals basis and is based on historical costs, except for the revaluation of certain financial instruments which are carried at their fair values. Cost is based on the fair value of the consideration given in exchange for assets.

Going Concern

As at 30 June 2022, VPESO had a net current asset deficiency of \$1,099,520. This is primarily due to the amounts payable for the purchase of VPEG3 secondary investment and to a related party for management and performance fee and distribution payable.

Subsequent to the financial period, VPESO issued a total of 6,601,619 units and related proceeds of \$7,620,000 were raised to enable VPESO to support the cash flow requirements and be able to continue as a going concern. In the event that VPESO requires additional funding to meet current liabilities in the 12 months succeeding the date of this financial report, additional units can be raised.

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
 FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

a) Cash and cash equivalents

Cash comprises cash at banks and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b) Investment income

i) *Interest income*

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

ii) *Net changes in fair value of investments held at fair value through profit or loss*

Profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included in the Statement of Profit or Loss and Other Comprehensive Income in the year they are incurred. Unrealised gains and losses are not assessable or distributable until realised.

iii) *Distribution income*

Fund distributions are recognised as revenue when the right to receive payment is established. Distribution income includes return of capital and capital gains arising from the disposal of underlying investments.

c) Investments at fair value through profit or loss

Investments are classified as financial assets at fair value through profit or loss

Under AASB 9, financial instruments are classified as fair value through profit or loss. The equity instruments are measured at fair value with changes in the fair value being recognised directly to profit or loss. The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis.

At initial recognition, the Fund measures financial assets at fair value. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or at fair value through profit or loss category are presented in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise. All transaction costs for such instruments are recognised directly in the Statement of Profit or Loss and Other Comprehensive Income.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all of the risks and rewards of ownership.

d) Expenses

Expenses are brought to account on an accruals basis.

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
 FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e) Distributions and taxation

Under current legislation, the Fund is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the investors.

The Fund fully distributes its distributable income, calculated in accordance with Vantage Private Equity Secondaries Opportunities' trust deed and applicable taxation legislation and any other amounts determined by the Trustee, to unitholders by cash or reinvestment.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unit-holders but are retained in the Fund to be offset against any future realised capital gain. If realised capital gains exceed realised capital losses the excess is distributed to the unit-holders.

The benefits of imputation credits and passed on to Unitholders.

f) Trade and other receivables

Trade and other receivables are measured at amortised cost less any impairment.

g) Goods and Services Tax (GST)

Management fees and other expenses are recognised net of the amount of Goods and Services Tax (GST) recoverable from the Australian Taxation Office (ATO) as a Reduced Input Tax Credit (RITC).

Payables in the balance sheet are shown inclusive of GST.

Cash outflows are presented in the cash flow statement on a gross basis.

h) Accounting Period

Vantage Private Equity Secondaries Opportunities' Trust Deed is dated 12 July 2021 (inception date). This report is for the initial period of operations commencing 12 July 2021. The period of this report therefore reflects the transactions from inception date to 30 June 2022, hence there are no comparatives.

i) Critical accounting estimates and judgments

In the application of the Fund's accounting policies, the trustee is required to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually bases its judgements, estimates and assumptions on historical experience and other factors that are considered to be relevant. The accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
 FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i) Critical accounting estimates and judgments (CONT.)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i) *Fair value of financial instruments*

The valuation of investments is based upon the net assets attributable to interest holders as noted in the underlying investee funds' audited financial statements. Each investee fund will select an appropriate valuation technique for financial instruments that are not quoted in an active market. This valuation is based upon a fair estimation of values (which are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, market volatility, investment stage, estimated cash flows etc.) as determined by the Manager of the investees on the following basis:

ii) *Fair value information*

The fair values of financial assets are determined by reference to active market transactions where possible, however the majority of managed investee companies are unlisted Australian companies and there are no direct, quoted market prices available.

In this case, fair value estimates are made at a specific point in time, based on market conditions and information about the specific financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, market volatility, investment stage, estimated cash flows etc) and therefore cannot be determined with precision.

Valuations are inherently based on forward looking estimates and judgements about the underlying business, its market and the environment in which it operates.

iii) *Fair estimation of values*

Where new investments are made within the reporting year and no significant changes have occurred in the underlying business since acquisition, the investment may be maintained at cost or fair value.

Estimated valuations for other entities are primarily based on multiples of EBITDA or EBIT, depending on the industry for each investee. In estimating the valuations, a range of multiples is used to determine a range of outcomes. EBITDA or EBIT are based on forward estimates of the investees' performance based on past, present and future views of performance.

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 2. REVENUE AND OTHER INCOME12 JULY 2021 TO
30 JUNE 2022
\$

Distribution income

759,326**Net profit / (loss) on sale of
total distribution income****759,326****NOTE 3. CASH AND CASH EQUIVALENTS**2022
\$

Cash at bank

273,252**Reconciliation of cash**CASH AT THE END OF THE FINANCIAL YEAR AS SHOWN IN THE CASH FLOW
STATEMENT IS RECONCILED TO ITEMS IN THE BALANCE SHEET AS FOLLOWS:**Cash and cash equivalents****273,252**

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
 FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 4. RECEIVABLES

2022
\$

CURRENT

GST receivable	7,765
Total receivables	<u>7,765</u>

NOTE 5. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

NOTE **2022**
\$

NON-CURRENT

INTERESTS IN UNLISTED PRIVATE EQUITY FUNDS / LIMITED PARTNERSHIPS AT FAIR VALUE THROUGH PROFIT OR LOSS:

Investments at fair value through profit or loss	5a <u>19,829,633</u>
--	-----------------------------

a) Movements in fair values

MOVEMENTS IN FAIR VALUES OF INVESTMENTS THROUGH PROFIT OR LOSS BETWEEN THE BEGINNING AND THE END OF THE PERIOD.

Balance at beginning of the period	-
Calls	16,393,203
Current period net revaluation	<u>3,436,430</u>
Balance at end of the period	<u>19,829,633</u>

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
 FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 6. TRADE AND OTHER PAYABLES

	NOTE	2022 \$
CURRENT		
Trade payable		21,990
RELATED PARTY PAYABLE - VANTAGE ASSET MANAGEMENT PTY LIMITED		
Others		51,659
Performance fee	6a	323,126
Other related party payable (For the secondary purchase of VPEG3 Investment)		503,262
		900,038

a) Performance fee is payable to the Manager (Vantage Asset Management Pty Limited) for return in excess of 10% per annum calculated in accordance with clause 23.5 of the Trust Deed.

NOTE 7. DISTRIBUTIONS PAYABLE

	2022 \$
CURRENT	
Distribution Payable	480,498

For the period ended 30 June 2022, distribution payable represents a return of capital from the Fund and it is intended to be paid to all VPESO investors on the register at 30 June 2022 in October 2022.

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
 FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 8. UNITHOLDERS CAPITAL

	PAID CAPITAL PER \$ OF COMMITTED CAPITAL TO VPESO	NUMBER OF UNITS	2022 \$
16,016,600 units issued	\$1.00	16,016,600	16,016,600
	2022 \$ PER UNIT	NUMBER OF UNITS	2022 \$

a) Movement in Paid Capital

Opening balance		-	-
Paid up capital / units issued to investors	\$1.00	16,016,600	16,016,600
Closing balance		16,016,600	16,016,600

During the period, 16,016,600 fully paid units were issued to investors at \$1 per unit. All interests in VPESO are of the same class and carry equal rights. Under VPESO's Trust Deed, each interest represents a right to an individual share in VPESO and does not extend to a right to the underlying assets of VPESO.

NOTE 9. RETAINED EARNINGS

	2022 \$
Retained earnings	3,194,011

a) Movement in retained earnings

Opening balance	-
Net operating profit for the period	3,194,011
Closing balance	3,194,011

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**Contingent Liabilities**

There are no contingent liabilities requiring disclosure in the financial report.

Contingent Assets

There are no contingent assets requiring disclosure in the financial report.

NOTE 11. NOTES TO THE STATEMENT OF CASH FLOWS

2022

\$

**Reconciliation of profit or loss for
the period to net operating activities:**

Net operating loss for the period	3,194,011
NON-CASH FLOWS IN PROFIT:	
Investment revaluations	(3,436,430)
CHANGES IN ASSETS AND LIABILITIES:	
Increase in receivables	(7,764)
Increase in other payables	576,912
Cash flow from operations	326,731

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE PERIOD 12 JULY 2021 TO 30 JUNE 2022

NOTE 12. EVENTS AFTER THE BALANCE SHEET DATE

- a) In February 2022, the Investment Committee of VPESO approved a co-investment of \$2 million alongside Allegro Capital into Gull New Zealand. The entire commitment was paid on 7 July 2022.
- b) In September 2022, the Investment Committee of VPESO approved a co-investment of \$2 million alongside Next Capital into Compare Club. The entire commitment was paid on 29 September 2022.
- c) In July 2022, VPESO increased its issued and paid-up capital by \$2,425,000 by way of issuance of 2,130,491 units at a price of \$1.161 per unit.
- d) In September 2022, VPESO increased its issued and paid-up capital by \$5,195,000 by way of issuance of 4,471,128 units at a price of \$1.166 per unit.

There have not been any other matters or circumstances that have arisen since the end of the financial period that has significantly affected, or may significantly affect, the results of those operations of the Fund in future financial years.

NOTE 13. TRUSTEE AND MANAGER DETAILS

The registered office and principal place of business of Vantage Asset Services Pty Ltd is:

Level 39, Aurora Place
88 Phillip Street
Sydney NSW 2000
Australia

DIRECTORS' DECLARATION OF THE TRUSTEE COMPANY

As detailed in note 1 to the financial statements, the Fund is not a reporting entity because in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the directors' reporting requirements in accordance with the Fund's Trust deed.

The directors of Vantage Asset Services Pty Ltd also declare that:

- a) in the directors' opinion, the attached financial statements and notes, as set out on pages 19 to 33, present fairly the Fund's financial position as at 30 June 2022 and of its performance for the period 12 July 2021 to 30 June 2022 and comply with accounting standards to the extent disclosed in Note 1 to the financial statements; and
- b) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors' of the Trustee Vantage Asset Services Pty Ltd.



Michael Tobin
Managing Director

Sydney
27 October 2022



David Pullini
Director

INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Report to the members of Vantage Private Equity Secondaries Opportunities

Opinion

We have audited the financial report, being a special purpose financial report, of Vantage Private Equity Secondaries Opportunities (the "Fund"), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report is prepared, in all material respects, in accordance with the financial reporting requirements of the Trust Deed.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial report is prepared to assist the Fund to meet the requirements of the Trust Deed. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Fund and the directors of Vantage Asset Management Pty Limited as Trustee of the Fund (the "Trustee") (collectively the "Recipients") and should not be distributed to parties other than the Recipients. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the Trustee and Managers report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT (CONT.)



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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Trustee are responsible for the preparation of the financial report in accordance with the financial reporting requirements of the Trust Deed and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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INDEPENDENT AUDITOR'S REPORT (CONT.)



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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young
Sydney
27 October 2022

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VPESO

ANNUAL REPORT

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2022

INVESTMENT MANAGER

