



QUARTERLY REPORT

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES FUND

QUARTERLY INVESTOR REPORT
31 MARCH 2022



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 March 2022, a total of \$15,685,738 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 45 underlying company investments at quarter end.

SPECIAL POINTS OF INTEREST

VPESO's Net Asset Value increases by 24.3% since inception to 31 March 2022 representing a net annualised return of 37.2% p.a.

VPESO Capital Raise Window No.3 Opens on 30th of May 2022, allowing existing and new investors to gain exposure to the best performing Private Equity Funds in the country

VPESO investment committee approves a \$2 million co-investment alongside Allegro Fund IV into Gull New Zealand, a leading independent fuel distributor and retailer in New Zealand

VPEG3 investee Mercury Capital 3 portfolio company, Are Media Group completes the bolt-on acquisition of leading ecommerce business Hard to Find (HTF)

PERFORMANCE

The period 1 January 2022 to 31 March 2022, saw continued levels of Private Equity activity across VPESO's portfolio, with a further \$2 million in an additional private equity investment approved by the VPESO investment committee. In addition, two significant bolt-on investments were added to the operations of two existing underlying portfolio companies at quarter end. The bolt-on acquisitions were completed by VPEG3 investee's Mercury Capital Fund 3 and Allegro Fund III.

Across the quarter, VPESO's underlying managers continued to work alongside management teams as they progress along with their investment agendas to deliver growth in the value of 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 risk/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 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 March 2022 quarter. As illustrated, VPESO's Net Asset Value (NAV) increased 4.04% across the quarter from \$1.195 per Unit as at 31 December 2021 to \$1.243 per Unit as at 31 March 2022.

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 attributable to strong earnings performance throughout the March 2022 quarter.

Month Ending	VPESO NAV per Unit (\$)
31-Mar-22	1.243
31-Dec-21	1.195

VPESO Capital Raise Window No.3 Opens on 30th May 2022

Given the increase in demand for secondary private equity investments and the underlying deal flow, Vantage Private Equity Secondaries Opportunities Fund (VPESO or the Fund) will be open for new and existing investors to capture secondary and co-investment opportunities in the market that the Fund is currently pursuing. Given the increase in demand for the VPESO product and the underlying deal flow, VPESO management are targeting to raise \$10 million of new capital during the capital raise window ending COB on 30th June 2022 or as soon as the target raise is reached. The campaign will commence on 30th May 2022, allowing existing and new investors to gain exposure to some of the best performing Private Equity Funds in the country delivering accelerated returns over a shorter investment period than a traditional primary private equity fund commitment.

VPESO's Net Asset Value has increased 24.3% since inception on 23 July 2021 to 31 March 2022 representing a net annualised return of 37.2% per annum. This return is as a result of the strong performance of VPESO's underlying investments Vantage Private Equity Growth 3 (VPEG3), as well as from both Advent Partners Fund 2 and Anchorage Capital Partners Fund III which continue to improve.

As at 31 March 2022, VPEG3 had generated a net annualised return to investors of 29.2% p.a. Advent Partners 2 Fund has made seven portfolio company investments and completed one exit to date. The average hold period of each company is 1.7 years. Advent management have added significant value to their portfolio companies through improving operational efficiencies and by performing a number of strategic acquisitions, resulting in an average revenue and EBITDA growth of 78.45% and 83.86% respectively. Anchorage Capital Partners Fund III has made investments into 4 portfolio companies, with a current average investment hold period of 1.94 years. Anchorage management are experiencing strong interest from foreign investors for a number of Anchorage III portfolio companies, with one of these company's in the later stages of exit discussions, which once completed will provide strong returns and distributions to VPESO.

As VPESO's underlying funds and investments mature over time, the value of each fund has demonstrated that it continues to increase, as underlying Private Equity managers actively work alongside their portfolio company executives to deliver growth and efficiencies in order to maximise exit value. VPESO allows investors access to discounted investments at a later stage of the private equity lifecycle, theoretically 'skipping' the initial negative cashflow period normally experienced in private equity investments. This will result in enhanced returns to investors across a shorter time frame.

If you would like to invest into the latest VPESO Fund Capital Raise, an application can be completed simply through the Fund's secure online application form by clicking on the relevant link below:

[New VPESO Investor Online Application >>](#)

[Existing VPESO Investor Online Application >>](#)

If you wish to learn more about VPESO as a potential investment opportunity, please contact your financial advisor or alternatively email info@vantageasset.com to request a meeting with a Vantage executive for more information.

KEY PORTFOLIO DEVELOPMENTS

Across the March 2022 quarter, VPESO continued its Secondary & Co-investment private equity investment program, receiving Investment Committee approval for the Fund's first direct co-investment.

During the quarter VPESO also acquired an additional \$1.1 million in commitments and investments in Vantage Private Equity Growth 3 (VPEG3).

Drawdowns during the quarter from VPESO, totalling \$1,155,992 were paid to acquire additional interests in Vantage Private Equity Growth 3, as well as for the previously announced new investments completed by VPESO's underlying managers during the period.

In February 2022, VPESO's Investment Committee approved a \$2 million co-investment 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.

Also during February 2022, VPEG3's investee Allegro Fund III sold 16.9 million shares in previously exited now ASX listed company Best & Less Group (ASX:BST). Allegro III still retains 33.7 million shares in BST, which will be further partially sold upon the release of the Company's FY22 results, with a final release of escrowed shares upon release of the Company's H1 FY23 results.

Additionally during the quarter, VPEG3's investee Allegro Fund III portfolio company Questas Group completed the bolt-on acquisition of Australian Surface Technologies, a Melbourne-based hydraulics business.

Further to this, VPEG3 investee Mercury Capital Fund 3 portfolio company Are Media Group completed the bolt-on acquisition of Hard to Find (HTF), a leading ecommerce platform based in Melbourne.

VPESO's underlying Private Equity fund managers' continue to engage in active communications with the management of each portfolio company ensuring that they continue to remain well positioned for growth.

As a result of the continual improvement in valuations of portfolio companies across the March quarter, VPESO's total return is expected to continue to increase as underlying managers enter into the later stages of exit discussions for their investments, with the expectation that these are announced and completed in the short to medium term.

OVERVIEW OF NEW CO-INVESTMENT

GULL NEW ZEALAND / ALLEGRO FUND IV

During February 2022, VPESO's Investment Committee approved a \$2 million co-investment alongside Allegro Fund IV into Gull New Zealand.



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.

On 14 March 2022, Ampol Limited (ASX:ALD) released a market statement notifying shareholders of the agreement of the sale of its Gull Business to Allegro Funds Pty Ltd. Key points of the transaction include;

- Ampol has entered into a binding agreement with Allegro Funds Pty Ltd (Allegro) through a transaction vehicle entity for the sale of its Gull business in New Zealand (Gull)
- The offer price represents an enterprise value of NZ\$572 million which will result in the realisation of net cash proceeds of approximately NZ\$509 million
- The transaction is subject to conditions, comprising New Zealand Commerce Commission (NZCC) approving Allegro as the purchaser of Gull and the transaction documents, Overseas Investment Office (OIO) approval and Ampol successfully completing the acquisition of Z Energy Limited (Z Energy)
- Ampol's acquisition of Z Energy is still subject to NZCC clearance, OIO approval and the Z Energy shareholder vote

Under the terms of the sale, Allegro will acquire 100% of Gull for net cash proceeds of approximately NZ\$509 million as well as the assumption by Allegro of approximately \$63 million of leases and debt like items. Under the sales arrangement, Ampol has committed to a five-year fuel supply agreement with Gull as requested by Allegro, subject to annual price reviews and termination rights.

Gull is a much-loved brand by Kiwi motorists and is known for its low-cost fuel offering and customer first focus. Under Allegro's ownership, management intend to invest in Gull's growth and maintain its commitment to best value fuel, underpinning what's known in NZ as the "Gull effect" – the localised price drop trend which occurs across competitors following Gull's introduction into a new geographic location. At the date of this report (May 22) the conditions precedents above have been satisfied and approval for the acquisition of Allegro's interest in Gull have been obtained?

OVERVIEW OF NEW BOLT-ON ACQUISITIONS

AUSTRALIAN SURFACE TECHNOLOGY (QUESTAS) – ALLEGRO FUND III (VPEG3)

Questas is one of Australia's largest independent hydraulics and water companies operating through a suite of brands including Berendsen Fluid Power, Water Dynamics, Nordon Hydraulics, Meadow Industries, Swanson Industries, Hardchrome Sales and Aussie Fluid Power.



Questas' national branch network has ~800 staff servicing the mining, construction, agricultural and industrial sectors.

VPEG3 investee Allegro Fund III acquired Questas in June 2019, which ultimately partnered with the founder to support the business through its next stage of transformation.

During the March 2022 quarter, Questas Group completed the bolt-on acquisition of Australian Surface Technology. Founded in 1992, Australian Surface Technology is a leading hydraulics business specialising in hardchrome plating, cylindrical grinding and pump shaft repair. The acquisition of Australian Surface Technology further increases Questas' growing customer base spread across the heavy industrial, manufacturing and resource industries. The acquisition represents the third major bolt-on investment for Questas, with a number of additional opportunities being pursued by Allegro in an effort to continue delivering on their investment plan for growth via acquisition.

HARD TO FIND (ARE MEDIA GROUP) – MERCURY CAPITAL 3 (VPEG3)

ARE Media Group is Australia's leading magazine publisher with a strong presence also across digital, books and other media. ARE operates 48 print titles and 30 digital platforms spanning multiple categories including Women's, Homes, Food, Fashion & Beauty, Specialist Motoring and Industry. Key master heads in the ARE ANZ portfolio include Australian Women's Weekly, Woman's Day and New Idea.



Mercury Capital Fund 3 acquired ARE Media in June 2019, which at the time of acquisition operated 4 offices across Australia with a total FTE base of 662 which includes 267 editorial and 163 advertising permanent staff.

During the March 2022 quarter, Are Media Group completed the bolt-on acquisition of leading ecommerce business Hard to Find (HTF). The acquisition represents a major milestone for the company as Mercury Capital Fund 3 continues 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. Through the acquisition, ARE plans to internalise HTF's proprietary ecommerce capability, which will be upgraded and utilised across the rest of the Group in selected ecommerce activations, to drive enterprise quality.

PORTFOLIO STRUCTURE

VPESO's PORTFOLIO STRUCTURE - 31 MARCH 2022

The tables and charts below provide information on the breakdown of VPESO's investments as at 31 March 2022.

CURRENT INVESTMENT ALLOCATION

The following tables provide the percentage split of the Fund's, current investment portfolio, across cash, fixed interest securities (term deposits) and Private Equity.

VPESO Portfolio Structure		
Cash	Fixed Interest Investments	Private Equity
0.1%	2.4%	97.5%

PRIVATE EQUITY PORTFOLIO

VPESO, with commitments to and investments in two Private Equity funds and one fund of funds ultimately has invested in 45 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 March 2022, 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	\$600m	2019	Fund of Funds - Lower to Mid Market Growth / Buyout / Turnaround	\$2.65m	\$2.46m	44	4
Co-invest No.1 (Gull New Zealand)	~\$500m	2022	Mid Market Special Situations	\$2.0m	-	1	-
Total¹				\$19.65m	\$15.69m	45	4

Note 1. Totals include only investments or exits completed as at 31 March 2022 and excludes duplicates

Note 2. The Gull NZ co-investment is expected to be completed early in the September 2022 quarter.

SUMMARY OF VPESO'S UNDERLYING PRIVATE EQUITY INVESTMENTS

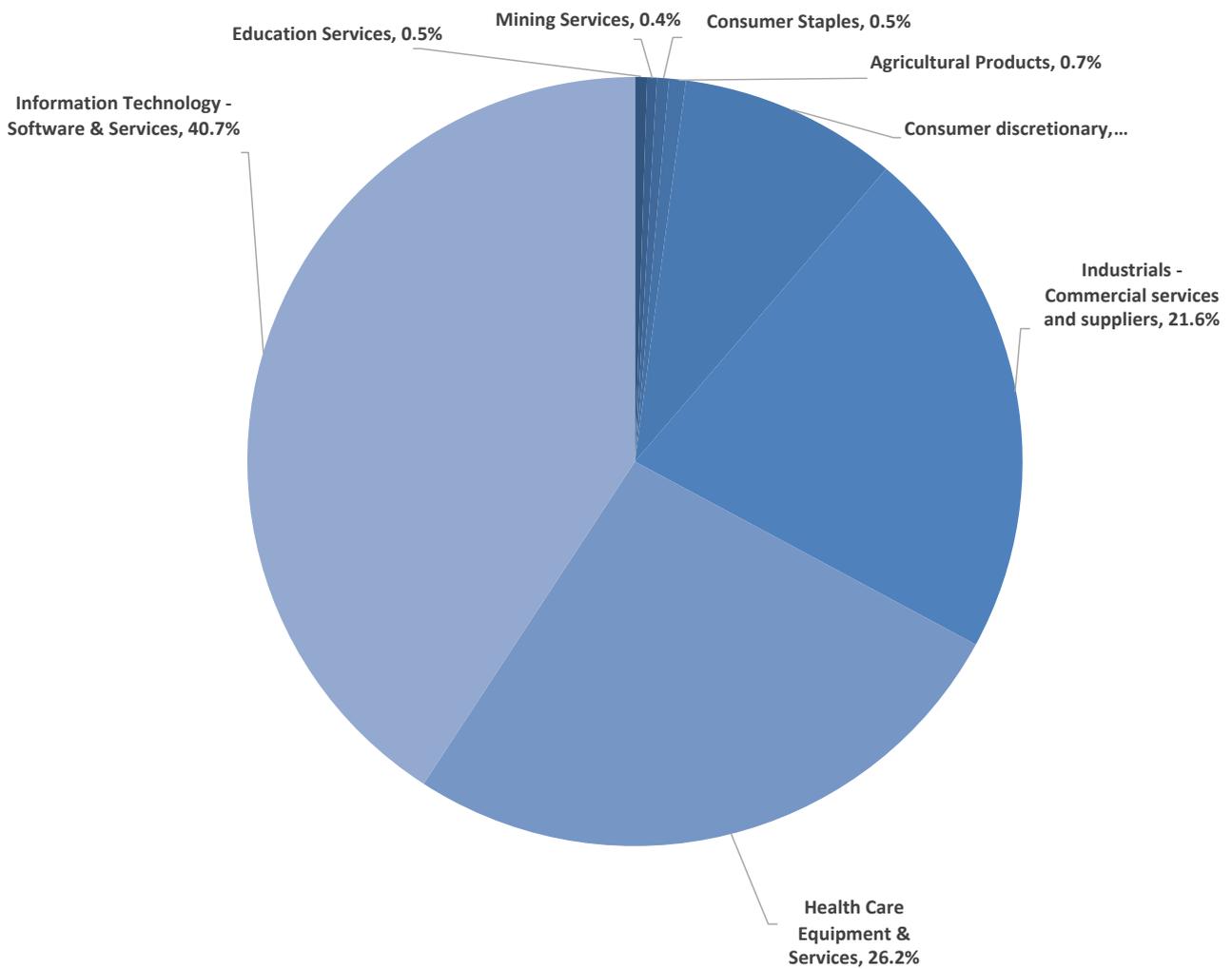
The table below provides a summary of the top ten underlying private equity investments in VPESO's portfolio for which capital had been called from VPESO as at 31 March 2022.

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	21.9%	21.9%
2	Medtech	Advent Partners 2 Fund	Provider of Practice Management Software (PMS)	14.0%	35.9%
3	Railfirst Management	Anchorage Capital Partners Fund III	Rail Leasing Business	12.1%	48.0%
4	Imaging Associates Group	Advent Partners 2 Fund	Diagnostic Imaging Service Provider	7.3%	55.3%
5	Flintfox	Advent Partners 2 Fund	Developer of Trade Revenue Management (TRM) Software	7.2%	62.5%
6	Mandoe	Advent Partners 2 Fund	Australian Horse Feed & Supplement Manufacturer & Distributor	6.9%	69.4%
7	Zero Latency	Advent Partners 2 Fund	Virtual Reality Gaming Developer & Experience Attraction	6.8%	76.2%
8	Specialised Linen Services	Anchorage Capital Partners Fund III	Leading National Laundry Operator	4.9%	81.1%
9	GBST Wealth Management	Anchorage Capital Partners Fund III	Financial Services technology provider to global wealth markets	4.5%	85.6%
10	SILK Laser Clinics Australia (Remaining Shares in ASX:SLA)	Advent Partners 2 Fund	Premium Provider of Laser and Skin Rejuvenation	4.4%	90.0%

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 March 2022.

As demonstrated by the chart VPESO's exposure to the "Information Technology – Software & Services" industry sector, represents the funds largest industry sector exposure at 40.7% of VPESO's total portfolio at quarter end.



Figure; Industry exposure of VPESO's underlying investments

CONTACT DETAILS

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