



QUARTERLY REPORT

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES FUND

QUARTERLY INVESTOR REPORT
30 SEPTEMBER 2021



VPESO - DIVERSIFY. GROW. OUTPERFORM.

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IMPORTANT INFORMATION

This report has been prepared by Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 (Vantage) in its capacity as Manager of the Vantage Private Equity Secondaries Opportunities Fund (VPESO). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should seek their own advice about an appropriate investment or investment strategy. It should not be relied upon as personal advice nor is it an offer of any financial product.

SUMMARY

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

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

To achieve the Fund's investment objective, VPESO will acquire direct secondary positions in existing private equity funds, acquire existing interests in Vantage Private Equity Growth Fund series funds (VPEG, VPEG2, VPEG3 & VPEG4) as well as invest in selective co-investment opportunities and other preferred equity opportunities in target private equity funds.

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

The majority of Capital raised to date by the Fund, has been utilised for the secondary acquisition of \$10,000,000 of commitments and investments in the Advent Partners 2 Fund, \$5,000,000 of commitments and investments in Anchorage Capital Partners Fund III, as well as to acquire \$1,500,000 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. 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 30 September 2021, a total of \$11,679,112 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, LP as well as to invest further capital into Advent Partners 2 for a new company investment competed by Advent during the September 2021 quarter. As a result, VPESO ultimately held interests in 34 unique underlying company investments at quarter end.

SPECIAL POINTS OF INTEREST

VPESO acquires a \$10m investment commitment along with existing investments in the Advent Partners 2 Fund (2017 Vintage), a \$300m growth private equity fund

VPESO acquires a \$5m investment commitment and existing investments in Anchorage Capital Partners Fund III (2017 Vintage) a \$350m turnaround private equity fund

VPESO acquires \$1.5m of investment commitments and existing investments in Vantage Private Equity Growth 3, LP (2017 Vintage)

VPESO's Net Asset Value increases by 19.9% across the September 2021 quarter

PERFORMANCE

The period 1 July 2021 to 30 September 2021 saw the completion of the initial tranche of capital raised by VPESO, which then allowed VPESO to commence acquiring investments to build its investment portfolio.

During the September 2021 quarter, VPESO completed secondary acquisitions totalling \$16.5m of commitments and investments in the Advent Partners 2 Fund (AP2), Anchorage Capital Partners Fund III (ACPIII) and Vantage Private Equity Growth 3, LP (VPEG3).

VPESO also funded its share of a new company investment completed by AP2 during the quarter.

The table below provides a summary of the performance of the Fund's portfolio during the September 2021 quarter. As demonstrated, VPESO's Net Asset Value (NAV) increased 19.9% across the quarter from \$1.00 per Unit (initial Issue Price) to \$1.199 per Unit at quarter end.

The increase in VPESO's NAV across the quarter resulted predominately due to VPESO acquiring the secondary interests in AP2, ACPIII and VPEG3 from existing investors in those funds, at a discount to the 30 June 2021 NAV of these funds. In addition, there was also an uplift in the unrealised value of a number of underlying investments in these funds at quarter end, due to the improved financial performance of those companies across the past year.

Month Ending	VPESO NAV per Unit (\$)
30-Sep-21	1.199
1-Jul-21	1.000

KEY PORTFOLIO DEVELOPMENTS

During the September 2021 quarter, VPESO completed the secondary acquisitions of commitments and investments in two direct underlying private equity funds and also acquired interests in Vantage Private Equity Growth 3, LP.

In July 2021, VPESO entered into a contract to acquire a total of \$15m of investments and commitments from an existing investor in the Advent Partners 2 Fund (AP2) and Anchorage Capital Partners Fund III (ACPIII), across three stages.

On 31 July 2021, the first stage of the contracted acquisition was completed with \$5m of investments and commitments in AP2 added to VPESO's portfolio.

By 31 August 2021, the second stage of the contracted acquisition was completed with \$5m of investments and commitments in ACPIII added to VPESO's portfolio.

By 30 September 2021, the third and final stage of the contracted acquisition was completed with a further \$5m of investments and commitments in AP2 added to VPESO's portfolio.

During the quarter VPESO also acquired \$1.5m of commitments and investments in Vantage Private Equity Growth 3, LP (VPEG3).

In addition, one new company investment was completed during the period by AP2 and another new investment was also announced by AP2 and completed subsequent to quarter end.

Also during the September 2021 quarter, two exits from the underlying portfolio of VPEG3 were either completed or announced. These exits were completed by VPEG3 investees Mercury Capital Fund 3 and Allegro Fund III. In addition, the sale of shares of a previously exited and now ASX listed AP2 portfolio company, SILK Laser Clinics were sold during the period, resulting in a distribution to VPESO.

Secondary acquisitions completed during the quarter by VPESO resulted in total payments of \$10,502,412 by VPESO to acquire the interests in AP2, ACPIII and VPEG3.

In addition, drawdowns during the quarter from VPESO, totalling \$1,176,700 were paid to AP2 for the new investment in Zero Latency completed during the quarter.

Finally, during the quarter, VPESO received a distribution of \$743,296 from underlying fund AP2. This distribution resulted from the sale of another tranche of shares, released from escrow, of a previously exited and now ASX listed AP2 portfolio company, SILK Laser Clinics Australia.

VPESO'S PORTFOLIO CONSISTS OF THIRTY-FOUR UNIQUE UNDERLYING COMPANY INVESTMENTS OPERATING ACROSS A BROAD RANGE OF INDUSTRY SECTORS

SECONDARY PRIVATE EQUITY FUND ACQUISITIONS

ADVENT PARTNERS 2 FUND

During the September 2021 quarter, 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.

Advent Partners (formerly Advent Private Capital) were established in 1984 and are one of Australia's oldest private equity fund managers. The Firm has operated continuously for over 30 years, establishing and managing many funds and investing in more than 80 private businesses.

AP2 is focused on lower to mid-market growth private equity and buyouts, investing in profitable companies with earnings (EBITDA's) between \$5m to \$30m and an enterprise value at initial investment of between \$30m and \$150m.

AP2 seeks to invest between \$15m to \$50m into businesses with low capital intensity and strong market positions, operating in industries experiencing strong growth. Advent Partners' target industry sectors include healthcare, consumer branded, proven technology & software, education & training and leading-edge businesses.

As at 30 September 2021, AP2 had completed six investments, which include; Silk Laser Clinics Australia, Compass Education, Mandoe, Medtech, Flintfox and Zero Latency

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).



ACPIII, managed by specialised private equity firm Anchorage Capital Partners of Sydney, is a \$350m fund established in 2017, for investment into lower to mid-market opportunities in Australia and New Zealand.

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.

Anchorage's investment process applies their unique combination of capital, operational expertise and change management disciplines, by working in partnership with the management teams.

Prior to raising their first fund in 2008, Anchorage's founders had been involved in private equity investing, often as executive managers, in the Asia-Pacific region for over 20 years. As a result, Anchorage brings significant experience to all investments it pursues.

As at 30 September 2021, ACPIII had completed three investments, which include, Specialised Linen Services, Rail First and Scott's Refrigerated Logistics.

VANTAGE PRIVATE EQUITY GROWTH 3, LP

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 is focused on investing in professionally managed Private Equity funds that invest in businesses that are at a more mature stage of development, and in particular the Later Expansion and Buyout stages of Private Equity investment.

VPEG3 commenced investing in 2017 and invests the majority of its Investment Portfolio into Australian based private equity funds who in turn are focused on investing into lower to mid-market sized companies headquartered in Australia and New Zealand, with enterprise values of between \$25 million and \$250 million at investment.

VPEG3 has developed a diversified portfolio of underlying investments by investing into seven underlying private equity funds in which it has made investment commitments, who in turn are focused on investments into profitable companies in defensive and growth industry sectors including the Healthcare, Consumer Staple, Information Technology and Agricultural Products.

As at 30 September 2021, VPEG3 had committed \$67.50 million across seven Primary Private Equity Funds and two co-investments with the co-investments held by VPEG3A.

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.

VPESO's acquisition of VPEG3 interests from existing VPEG3 investors only included the assets of VPEG3, LP as those selling investors did not hold units in VPEG3A. As such, only the investments held by VPEG3, LP at the time of each purchase were added to VPESO's portfolio. As a result, a total of 29 underlying company investments exist within the VPEG3, LP portfolio at quarter end.

NEW UNDERLYING COMPANY INVESTMENTS

ZERO LATENCY - ADVENT PARTNERS 2 FUND (AND VPEG3)

On 10 August 2021, Advent Partners 2 Fund invested in Zero Latency, the global leader in the multi-player, Free Roam Virtual Reality ('FRVR') space. The Business is widely regarded as the global pioneers of 'warehouse scale' virtual reality ('VR'), creating immersive experiences by combining premium hardware and player wearables with its market-leading technology, proprietary software and exclusive gaming content.



Founded in 2013, the Business has grown to over 50 sites internationally across more than 20 countries. The Business has ~60 staff, and is headquartered in Melbourne, Australia.

Zero Latency VR has established itself as one of the fastest-growing, and the most disruptive player in a sector that is at the intersection of technology, leisure and gaming. The Business had reached an inflection point and was seeking additional expertise and capital to assist in accelerating its network expansion plans. With consumers moving up the experience curve, increasing VR's mass market appeal, Advent views this as a land-grab opportunity, and can see a path to triple the size of the network with significant whitespace identified globally.

Advent believe that Zero Latency VR has massive growth potential and are working with the Management team to accelerate its growth by focusing on enhancing the Company's marketing capability, the introduction of more sophisticated analysis around the site selection process, and strategies to improve unit economics.

IMAGING ASSOCIATES - ADVENT PARTNERS 2 (AND VPEG3)

On 13 September 2021, Advent Partners 2 Fund announced an investment in Imaging Associates, one of the leading independent providers of diagnostic imaging services in Victoria and regional New South Wales.



Established in 2008, Imaging Associates operates across five private practices and holds two large hospital reporting contracts with Eastern Health in Victoria and Murrumbidgee Local Health District in regional New South Wales. The business has rapidly grown to 51 core reporting doctors, and has established private practices in Box Hill, Mitcham, Tecoma, and Baw Baw across Victoria, and Wagga Wagga in New South Wales.

IAG provides reporting of x-ray, ultrasound, CT, MRI, nuclear medicine and other radiology services. Diagnostic imaging forms a critical part of healthcare and is a central part of diagnosing patient conditions.

VPESO's share of this investment was paid to AP2 during October 2021.

RECENT EXITS FROM UNDERLYING FUNDS

MESSAGE MEDIA - MERCURY CAPITAL FUND 3 (VPEG3)

During June 2021 VPEG3 Investee, Mercury Capital Fund 3, announced the 100% sale of MessageMedia for AUD\$1.7 billion to Sinch, a leading global cloud communications business listed on the Nasdaq Sweden.



Following Mercury Capital's initial investment into MessageMedia via Mercury Capital Fund 2 in August 2018, the business transformed from primarily an 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.

This exit results in an excellent investment for Mercury Capital and at the time of announcement was reported as one of the largest ever deals for an Australian technology company.

Once completed, the sale will deliver Mercury Capital Fund 3 investors, including VPEG3 (and ultimately VPESO) with a strong return on investment across a 1.6 year investment hold period. VPEG3's share of the net sale proceeds of MessageMedia will be distributed to all VPEG3 investors (including VPESO) once the sale is completed during the December 2021 quarter.

BEST & LESS - ALLEGRO FUND III (VPEG3)

On 26 July 2021 VPEG3 Investee, Allegro Fund III successfully listed portfolio Company Best & Less Group (ASX:BST) on the ASX, after experiencing significant institutional and retail investor demand, raising \$60 million at \$2.16 per share, representing a Market Capitalisation of \$271 million. The IPO was more than 2.4x oversubscribed by institutional and retail investors. The IPO followed a strategic \$40 million equity investment from BB Retail Capital (BBRC), a private investment firm founded and chaired by experienced retail entrepreneur Brett Blundy.



Following the acquisition of Best and Less in December 2019, Allegro repositioned the business from being a discount retailer to a value apparel, specialty retailer, with a 245-physical store network in Australia and New Zealand and an online platform across its two brands. Across Allegro's ownership to date, EBITDA at BST has grown by almost 3 times from \$24.5m in FY19 to \$71.6m in FY21, with revenues of \$663.2m in FY21. Allegro Fund III sold ~31% of the Fund's share holding in the IPO with the remaining ~43% of Allegro's shares held in escrow until release of the Company's H1 FY23 financial results.

The partial exit of the Best & Less Group delivered Allegro Fund III investors, including VPEG3 (and ultimately VPESO), with an exceptionally strong investment return across a 1.5 year investment period, with the partially realised proceeds expected to be received by VPEG3 and distributed to all VPEG3 investors, including VPESO, during the December 2021 quarter.

PORTFOLIO STRUCTURE

VPESO's PORTFOLIO STRUCTURE - 30 SEPTEMBER 2021

The tables and charts below provide information on the breakdown of VPESO's investments as at 30 September 2021.

CURRENT INVESTMENT ALLOCATION

VPESO's exposure to private equity was 75.8%, with the remaining component representing 24.2% in Cash at quarter end.

PRIVATE EQUITY PORTFOLIO

VPESO, with commitments to and investments in two Private Equity funds and one fund of funds, ultimately has exposure to 34 underlying company investments at quarter end, with three exits completed to date from these funds. As a result, VPESO's Private Equity portfolio and commitments, as at 30 September 2021, were as follows;

Acquisition	Fund Size	Vintage Year	Investment Focus	VPESO Acquisition	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Advent Partners 2	\$300m	2017	Lower to Mid Market Growth / Buyout	\$10.0m	\$7.10m	6	1
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Turnaround / Buyout	\$5.0m	\$2.79m	3	-
Vantage Private Equity Growth 3, LP	\$600m	2019	Fund of Funds - Lower to Mid Market Growth / Buyout / Turnaround	\$1.5m	\$0.93m	29	2
Total				\$16.50m	\$10.83m	34*	3

Note:* Total number of Investee Companies counts all underlying company investments from each fund and excludes duplicates

SUMMARY OF VPESO'S UNDERLYING PRIVATE EQUITY INVESTMENTS

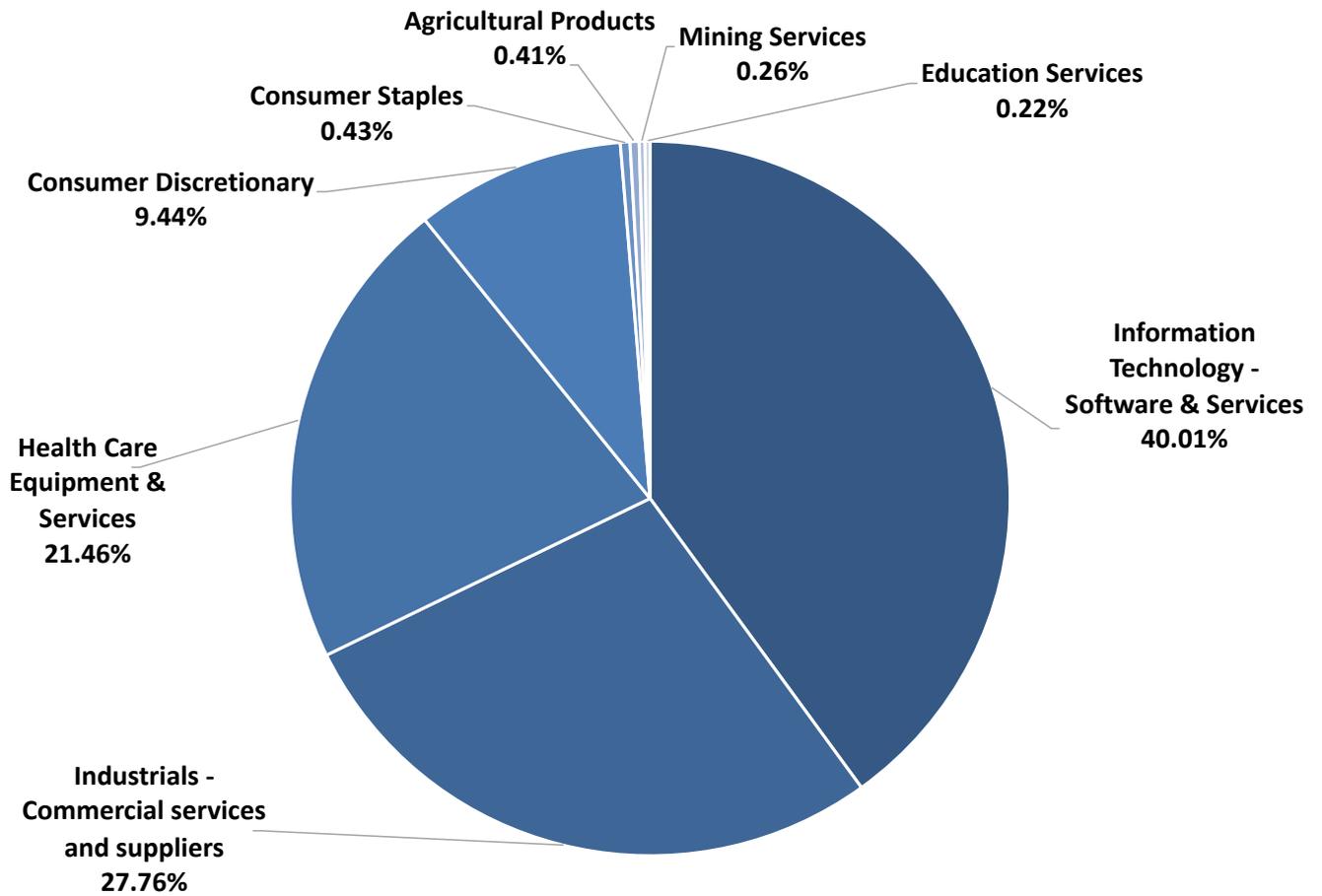
The table below provides a summary of the top ten underlying private equity investments in VPESO's portfolio for which capital had been called from or paid by VPESO as at 30 September 2021.

Rank	Underlying Investment	Fund	Description	% of VPESO's Private Equity Investments	Cumulative %
1	Compass Education	Advent Partners 2 Fund	Student Information System Software / Services Provider	23.5%	23.5%
2	Medtech	Advent Partners 2 Fund	Provider of Practice Management Software (PMS)	14.4%	37.9%
3	Railfirst Management	Anchorage Capital Partners Fund III	Rail Leasing Business	12.6%	50.6%
4	Specialised Linen Services	Anchorage Capital Partners Fund III	Leading National Laundry Operator	9.0%	59.6%
5	Flintfox	Advent Partners 2 Fund	Developer of Trade Revenue Management (TRM) Software	7.9%	67.5%
6	Mandoe	Advent Partners 2 Fund	Australian Horse Feed & Supplement Manufacturer & Distributor	7.4%	74.9%
7	Zero Latency	Advent Partners 2 Fund	Virtual Reality Gaming Developer & Experience Attraction	7.4%	82.3%
8	SILK Laser Clinics Australia	Advent Partners 2 Fund	Premium Provider of Laser and Skin Rejuvenation	6.0%	88.3%
9	Scotts Refrigerated Logistics	Anchorage Capital Partners Fund III	Temperature Controlled Road & Rail Logistics Service Provider	4.4%	92.7%
10	The Best & Less Group	Allegro Fund III	Iconic Retail Brands Best&Less and Postie	1.2%	93.9%

INDUSTRY SPREAD OF VPESO’s UNDERLYING INVESTMENTS

The chart below provides a breakdown of the industry spread of VPESO’s underlying portfolio as at 30 September 2021.

As demonstrated by the chart VPESO’s exposure to the “Information Technology – Software & Services” industry sector, represents the funds largest industry sector exposure at 40.01% of VPESO’s total portfolio at quarter end.



Figure; Industry exposure of VPESO’s underlying investments

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