

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES FUND



QUARTERLY INVESTOR REPORT
31 MARCH 2024

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EXECUTIVE SUMMARY

Welcome to the Vantage Private Equity Secondaries Opportunities (VPESO) Fund quarterly investor report for the period ending 31 March 2024.

The March 2024 quarter was a highly active period for VPESO's private equity managers with a majority of the portfolio companies delivering on their financial objectives, in line with management's value creation strategies and budgets. As a majority of the portfolio is in divestment mode, VPESO is well positioned to continue to grow in value as underlying portfolio companies are sold off and the realised proceeds from these exits are received by the Fund.

PORTFOLIO HIGHLIGHTS

Vantage continued the build out of VPESO's portfolio with an additional \$2.0 million of secondary positions acquired during the quarter. These transactions were as a result of the secondary share sale in an existing portfolio co-investment, and also from acquiring additional interests in an existing secondary position.

During the quarter, three new platform investments were added to VPESO's private equity portfolio, increasing the number of unique portfolio companies in VPESO to 105. Further, one additional new platform investment was announced post the completion of the the quarter. In addition, three bolt-on company acquisitions were completed and integrated into the operations of the existing portfolio companies that purchased them.

Turning to exits, two portfolio companies sold divisions from their larger operating businesses. The exits delivered a profitable outcome to each portfolio company, allowing each company to streamline their business operations and continue to build their core revenue streams and increase earnings.

Post the completion of the March quarter, VPESO's largest portfolio company holding, equating to 9.6% of VPESO's total portfolio value at 31 March 2024 was partially sold, which provided the Fund with a distribution of the exit proceeds. As a result, VPESO conducted an **interim distribution to all Unit holders equating to \$0.125 per Unit**, which was paid in cash, or in additional Units, to investors who elected Distribution Re-investment, on 16th May 2024. Upon the payment of this distribution, VPESO's cumulative distributions paid to all investors increased to **\$0.212 per Unit**.

VPESO FUND ACTIVITY

During the quarter, drawdowns totalling \$1,698,753 were paid to acquire secondary positions in Compare Club and Vantage Private Equity Growth 3, LP. As a result, VPESO had paid a total of \$35,686,026 to acquire and fund the capital calls of six secondary private equity acquisitions and three co-investments.

No distributions were received during the period. As at 31 March 2024, VPESO had received a total of \$6,948,379 in distributions from the Fund's secondary private equity holdings. As a result, total cumulative distributions paid to VPESO investors at the end of the March 2024 quarter was \$0.087 per Unit with the May 2024 distribution increasing the total since inception to **\$0.212 per Unit**.

With a large proportion of VPESO's underlying portfolio positioned for exit, underlying managers have focussed on growing the maintainable earnings for each portfolio company, ultimately improving their value over consecutive periods. As a result of the positive momentum in operating performances across the portfolio, VPESO's **Net Unit Value** as at 31 March 2024 was **\$1.285 per Unit**, generating a **net annualised return of 12.8% p.a.** since the Fund's inception in July 2021.

LAUNCH OF VANTAGE PRIVATE EQUITY GROWTH 6

In February 2024, Vantage launched the latest fund under its flagship private equity strategy, Vantage Private Equity Growth 6 (VPEG6).

VPEG6 will continue the same successful investment strategy of its predecessor funds, by investing into around 8 to 10 lower to mid-market focused private equity funds managed by the top quartile performing growth capital, turnaround and buyout private equity fund managers in the country. Vantage's Fund of Funds approach to investing offers investors significant advantages with the potential to deliver superior returns with lower risk when compared to investing directly in a single fund strategy.

If you wish to learn more about VPEG6 as a potential investment opportunity, please speak to your wealth adviser or contact Vantage's Investor Services Team via email at info@vantageasset.com to request a meeting with a Vantage executive for more information.

PERFORMANCE



PERFORMANCE

\$ REPORTED IN AUD

QUARTER ENDING	31 MARCH 2024
INCEPTION DATE	27 JULY 2021
STRATEGY	SECONDARY PRIVATE EQUITY & CO-INVESTMENT
NO. OF UNITS ISSUED	31,483,603
NET UNIT VALUE \$ PER UNIT	\$1.285
1 MONTH RETURN	0.36%
3 MONTH RETURN	1.76%
6 MONTH RETURN	11.15%
1 YEAR RETURN	15.66%
2 YEAR RETURN	10.35%
ABSOLUTE RETURN	37.15%
SINCE INCEPTION P.A.	12.8%
PORTFOLIO	
TOTAL SECONDARY AND CO-INVESTMENT COMMITMENTS ACQUIRED	\$37,300,000
NO. OF SECONDARY FUND COMMITMENTS ACQUIRED	6
NO. OF CO-INVESTMENTS	3
NO. OF PORTFOLIO COMPANIES ¹	105
NO. OF EXITS	12

1. No. of portfolio companies only considers unique number of portfolio companies and excludes duplicates.

SECONDARY PRIVATE EQUITY PORTFOLIO





SECONDARY PRIVATE EQUITY PORTFOLIO

VPESO PRIVATE EQUITY PORTFOLIO

PRIVATE EQUITY FUND NAME	FUND / DEAL SIZE (\$M)	YEAR	INVESTMENT FOCUS	ACQUIRED COMMITMENT (\$M)	CAPITAL DRAWN (\$M)	PORTFOLIO COMPANIES	EXITS
ADVENT PARTNERS 2 FUND	\$300	2017	EXPANSION / BUYOUT	\$10.00	\$9.04	7	1
ANCHORAGE CAPITAL PARTNERS FUND III	\$360	2017	TURNAROUND	\$5.00	\$4.94	5	2
VANTAGE PRIVATE EQUITY GROWTH 3	\$68	2019	FUND OF FUNDS - GROWTH / BUYOUT / TURNAROUND	\$8.20	\$6.47	50	10
GENESIS CAPITAL FUND I	\$190	2020	EXPANSION / BUYOUT	\$1.10	\$0.35	8	-
THE GROWTH FUND III	\$450	2017	EXPANSION / BUYOUT	\$6.00	\$5.38	12	1
VANTAGE PRIVATE EQUITY GROWTH 4	\$179	2021	FUND OF FUNDS - GROWTH / BUYOUT / TURNAROUND	\$1.50	\$0.56	34	1
CO-INVEST NO. 1 (GULL NEW ZEALAND)	NZ\$495	2022	BUYOUT	\$2.00	\$2.00	1	-
CO-INVEST NO. 2 (COMPARE CLUB)	\$160	2022	GROWTH CAPITAL	\$2.50	\$2.50	1	-
CO-INVEST NO. 3 (PAC TRADING)	\$66	2023	GROWTH CAPITAL	\$1.00	\$1.02	1	-
TOTAL				\$37.30	\$32.25	105	12

Note: Excludes small holdings acquired for less than \$50k each of VPEG2B and Catalyst Buyout Fund 2



SECONDARY PRIVATE EQUITY PORTFOLIO

TOP 10 HOLDINGS ACROSS THE PORTFOLIO

	PORTFOLIO COMPANY	FUND	DESCRIPTION	% SHARE	CUMULATIVE
1	FITNESS PASSPORT	GROWTH FUND III	FITNESS PROGRAMME PROVIDER	9.6%	9.6%
2	SOUTH PACIFIC LAUNDRIES	ANCHORAGE CAPITAL PARTNERS FUND III	LEADING NATIONAL LAUNDRY OPERATOR	8.8%	18.4%
3	COMPASS EDUCATION	ADVENT PARTNERS 2 FUND	STUDENT INFORMATION SYSTEM SOFTWARE / SERVICES PROVIDER	8.5%	26.9%
4	MEDTECH	ADVENT PARTNERS 2 FUND	PROVIDER OF PRACTICE MANAGEMENT SOFTWARE	7.9%	34.8%
5	GBST	ANCHORAGE CAPITAL PARTNERS FUND III	FINANCIAL SERVICES TECHNOLOGY PROVIDER TO THE GLOBAL WEALTH MARKET	5.9%	40.7%
6	GULL NEW ZEALAND	CO-INVEST NO.1	NEW ZEALAND PETROLEUM DISTRIBUTION COMPANY AND PETROL STATION CHAIN.	5.6%	46.4%
7	IMAGING ASSOCIATES GROUP	ADVENT PARTNERS 2 FUND	DIAGNOSTIC IMAGING SERVICE PROVIDER	5.4%	51.8%
8	COMPARE CLUB	CO-INVEST NO.2	PERSONAL FINANCE MARKETPLACE	5.4%	57.2%
9	ASKIN PANELS	GROWTH FUND III	MANUFACTURER AND INSTALLER OF INSULATED PANELS	5.2%	62.4%
10	FLINTFOX	ADVENT PARTNERS 2 FUND	DEVELOPER OF TRADE REVENUE MANAGEMENT SOFTWARE	4.7%	67.1%

Note: The sale of Fitness Passport occurred post quarter end with distributions from the sale received by VPESO during May 2024



SECONDARY PRIVATE EQUITY PORTFOLIO

INDUSTRY DIVERSIFICATION OF PORTFOLIO

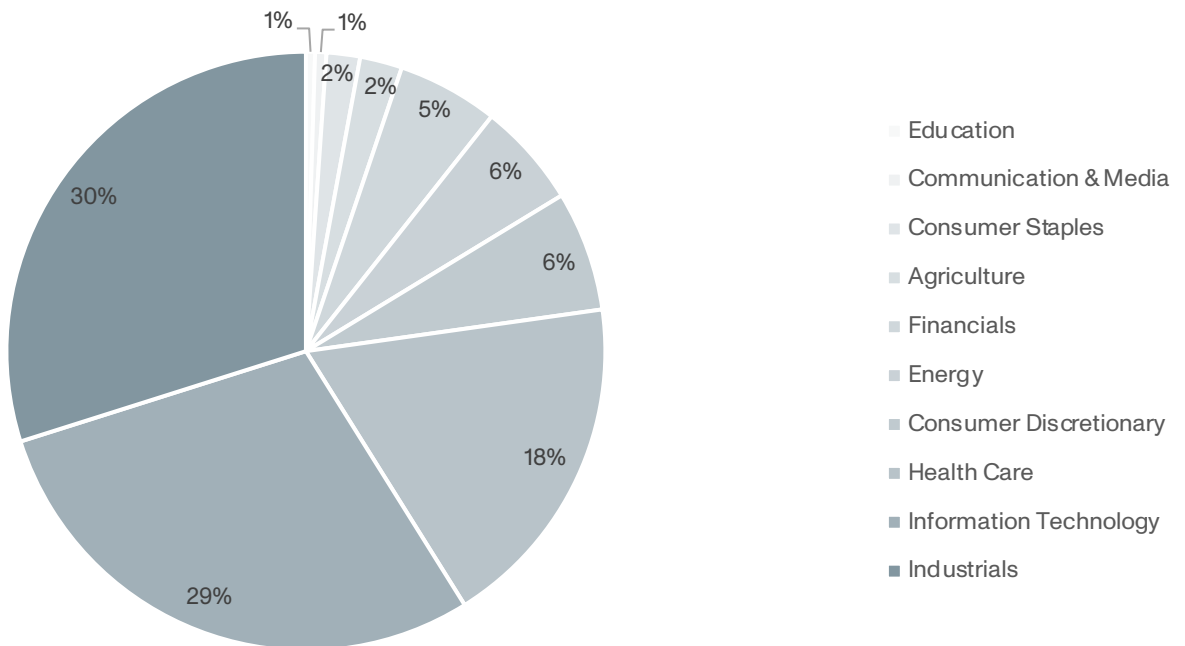


Image: Industry diversification of VPESO's portfolio at period end 31 March 2024. Key is in ascending order.

PORTFOLIO ACTIVITY





PORTFOLIO ACTIVITY

Private equity activity throughout the March 2024 quarter was elevated with heightened levels of deal activity occurring across VPESO's portfolio. With the return of a predictable operating environment and the bid/ask spread between buyers and sellers of assets reducing, VPESO's underlying managers were able to transact on their assets, benefiting a number of VPESO's portfolio companies.

During the quarter, **VPEG3 investee Adamantem Capital Fund I** completed the sale of **Hygain's** Horse Supplements business. The sale allows management to now focus on delivering further margin growth to Hygain's core operating business, whilst commencing exit discussions for the remaining business.

VPEG3 investee Allegro Fund III portfolio company **Questas Group** completed the divestment of its Water Dynamics business, allowing the business to become a pure play industrial hydraulics services company. The sale, simplifies Questas' offering and reliance on project-based revenue lines.

Post the completion of the March 2024 quarter, **Growth Fund III**, which was acquired by VPESO in September 2023, completed the partial sale of **Fitness Passport** to private equity firm EQT Partners for a media reported \$750 million, during April 2024. With a large membership base, Fitness Passport provides customers access to over 1,500 gyms, pools, and leisure centres.

Following the completion of the sale VPESO received a distribution of the sale proceeds, allowing VPESO to pay an interim distribution to all unitholders on the register, equating to \$0.125 per Unit, on 16th May 2024.

This successful exit underscores the strength of VPESO's focus on the lower to mid-market private equity segment in Australia. Foreign investors are increasingly seeking to acquire high-quality assets operating in this region, managed by top-performing management teams. Notably, VPESO's strategy is not contingent upon equity markets being open to facilitate an IPO. Many of VPESO's portfolio companies are instead sold to other sponsors or corporates, offering multiple exit options across various market cycles.

With the payment of the May distribution, the total cumulative distributions paid to VPESO investors increased to \$0.212 per Unit, delivering a robust return on investment since the Fund's inception in July 2021.

Turning to new investments, many of VPESO's underlying fund holdings continued the build out of their portfolios', which translated to several new acquisitions during the quarter. Further, private equity managers sought to grow the operations of existing portfolio companies by completing additional bolt-on acquisitions growing the earnings base of these companies.

An overview of the new investments that were added to VPESO's portfolio throughout the quarter, follows;

MODUS PROJECTS



In February 2024, VPEG4 investee CPE Capital 9 completed the acquisition of Modus Projects, a leading provider of construction and facilities management across Australia.

Established in 2010, Modus has 11 branches nationwide offering facilities maintenance services, construction, project management and fit-outs servicing tier one customers such as 7- Eleven, COS, Commonwealth Bank, Snap Fitness and Caltex Foodary. Modus employs over 300 staff and utilises a panel of over 1,500 sub-contractors.

CPE Capital 9's investment thesis is focused on:

- Increased work with existing customers by servicing a greater proportion of their assets
- Diversification of customer base through improved focus on business development
- Strategic M&A to diversify the customer base and/or add capabilities

PRIVATE EMERGENCY HEALTH AUSTRALIA (PEHA)



During March 2024, VPEG4 investee Advent Partners 3 Fund completed an investment into PEHA, Australia's largest provider of outsourced emergency department services operating seven sites across Queensland, Western Australia and Tasmania.

Established in 2017, PEHA provides emergency specialist doctors, site directors, practice managers and financial and administrative processes to hospitals to ensure efficient emergency departments, which is a key driver to hospital utilisation.

Hospitals provide PEHA with the premises, nurses, administrative staff and medical supplies in exchange for a royalty payment.



PORTFOLIO ACTIVITY

Advent's investment thesis will focus on growing existing sites, increasing the network by approximately one new site per annum, investing in the executive team and Doctor pipeline, and exploring adjacencies such as short stay services and intensive care units.

NUTUN AUSTRALIA



In March 2024, VPEG4 investee Allegro Fund IV completed an investment in Nutun Australia via a corporate carveout deal from the company's South African parent.

Nutun Australia provides Business Process Outsourcing (BPO) services for Australia's largest banks, insurers, utilities and telecommunication providers. Their BPO offerings are provided across credit collections, insurance claims recovery, insource solutions and legal services.

The team consists of 900 employees across Australia, New Zealand and Fiji. Allegro will leverage its expertise in complex corporate carveouts to broaden Nutun Australia's product offering in Australia and internationally.

Nutun Australia will continue to work closely with its South African parent under a long-term strategic partnership, enabling both businesses to continue sharing knowledge and IP as well as collaborating on multi-geography solutions for their clients.

ELF GROUP



In February 2024, VPEG4 Investee Anchorage Capital Partners Fund IV announced the signing of its investment in ELF Group, with completion of the acquisition expected in the June quarter 2024, following approval from the Overseas Investment Office (OIO) in New Zealand.

ELF Group is located in New Zealand and provides business critical equipment and finance. ELF Group consists of two business units:

- **Spiers**, a high-growth asset finance business, predominantly finance leases with a small number of operating leases; and
- **AB Equipment**, a diversified equipment distribution, leasing and service platform, combined with nationwide infrastructure.

The business benefits from strong industry tailwinds as banks retreat from asset finance given capital requirements.

VPESO's private equity managers also completed a number of bolt-on acquisitions during the quarter, further expanding the operations of the acquiring portfolio companies.

During the quarter, **Anchorage Capital Partners Fund III and VPEG3 investee** portfolio company **SPL** acquired a competitor in the Western Australia Laundry market, which strategically provides a new modern purpose-built plant servicing the WA market.

VPEG3 investee Mercury Capital Fund 3 portfolio company **Green By Nature** completed the acquisition of Auckland Toru (formally UMS NZ), a renowned parks and facility management company. This strategic bolt-on enhances the businesses' ongoing commitment to managing facilities and open spaces across Australia and New Zealand.

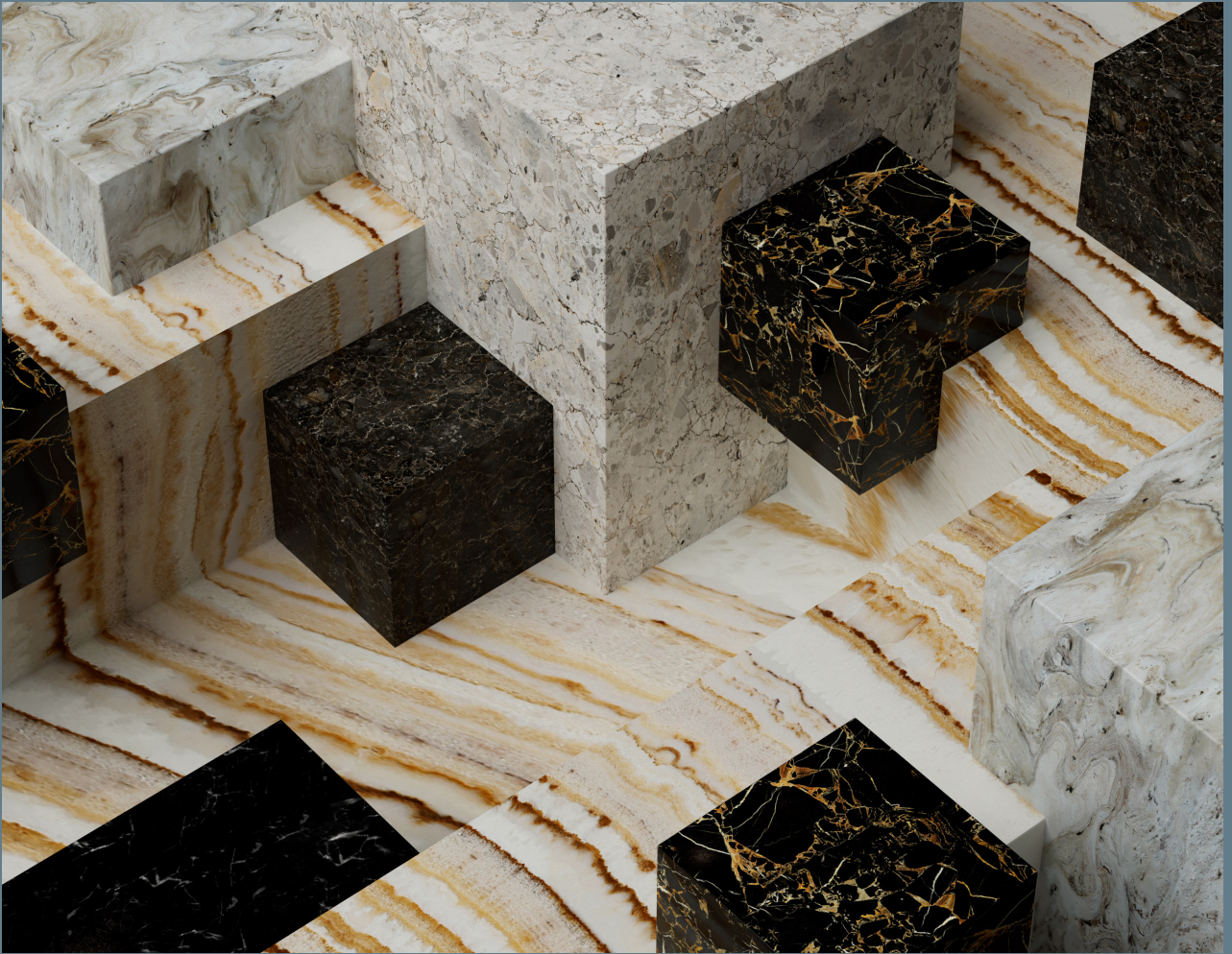
VPEG4 investee Potentia Capital Fund II portfolio company **Soprano** acquired ASX-listed Whispir Ltd, an ANZ-focussed Communications Platform as a Service (CPaaS) provider. The acquisition sees Soprano become a leading CPaaS player across the Asia-Pacific region.

VPESO expects that the number of underlying portfolio exits will increase over the next six to twelve months as private equity managers engage sell side advisors. Three notable portfolio companies that have engaged with bankers to seek out an exit event include;

- **Advent Parnters 2 Fund** portfolio company **Compass Education**, Australia's leading student information system software provider, has engaged RBC Capital Markets to provide a strategic review of the business including M&A/capital raising opportunities.
- **Growth Fund III** portfolio company **Quantum Radiology**, Australia's leading diagnostic and interventional medical imaging provider has engaged Allier Capital to canvas interest from potential buyers, and
- **VPEG3 investee Next Capital Fund IV** portfolio company **Eptec Group**, has engaged MA Moelis to find bidders for the specialist engineering group that maintains "critical infrastructure".

As at 31 March 2024, VPESO's portfolio of funds had ultimately invested in 105 unique underlying portfolio companies, with 12 companies sold as at 31 March 2024.

MARKET INSIGHTS





MARKET INSIGHTS

As secondary market dynamics improve, investors who previously put secondary processes on hold due to low demand in interest for portfolio interests are expected to reignite sell-side discussions. VPESO has already noted an increase in activity across the March 2024 quarter, with many investors (LPs) launching or considering sales processes.

With larger buyout managers located in the US and Europe struggling to sell companies privately or through IPO, large institutional investors have experienced a reduction in distributions from their entire private equity portfolio holdings. This reduction has decreased the amount of capital available to reinvest in new deals, thereby reducing overall returns for their investors.

The slow down of distributions related to the slow pace of exits in those markets has driven positive momentum in the secondary market especially here in Australia. A growing number of LPs have approached the secondary market to sell fund interests in order to generate liquidity and have been willing to entertain selling prices below the historical average for secondaries.

VPESO is seeing an increase in deal flow from the secondary market as many LPs are looking to generate liquidity, with buyers continuing to allocate significant capital, facilitating what is expected to be a strong year of secondary transactions.

Across the March 2024 quarter, Private Equity activity in Australia was elevated, particularly in the lower to mid-market segment. This momentum comes off the back of strong broader tailwinds for Australia's private sector as a desirable segment for both foreign and domestic corporates and sponsors to acquire high quality assets. Across Vantage's flagship fund of funds strategy, six new completed or announced investments were added to Vantage's, VPEG4 and VPEG5 portfolios.

Activity levels have been predominately driven by Australia holding a unique position as an attractive market when compared to other mature markets in the global economy. Factors contributing to Australia's favourable investment landscape include; a relatively stable political and economic environment, robust regulatory frameworks, highly skilled workforce, and a diversified range of investment opportunities across key sectors such as finance, technology, healthcare, industrials, and energy. Furthermore, Australia is a gateway to the dynamic Asia-Pacific region, further enhancing Australia's attractiveness to grow middle market businesses globally.

Vantage's Secondary strategy provides Investors with a significant level of diversification across Funds, Manager

Vintage Years, Financing Stage, and Geography.

This diversification has resulted in VPESO having exposure to 93 unique underlying portfolio companies across a highly diverse range of industry sectors. This high level of diversification means that across different market cycles, Vantage's secondary portfolio is well placed for continued deal activity, resulting in a steady flow of distributions to the Fund as the portfolio is divested over time.

From Vantage's perspective the lower to mid-market private equity space represents the most compelling segment to invest, in part due to the various avenues for the sale of portfolio companies operating within this segment. VPESO is not reliant on equity markets to be open to facilitate an IPO to exit a portfolio company. Rather, a significant majority of Vantage's underlying portfolio companies have historically been sold to larger local or global, listed or unlisted trade players within the same industry segment or to financial sponsors globally, be they larger private equity funds or other financial institutions, including core plus strategies of large superannuation and pension funds.

This means that, regardless of the position within a particular market cycle that a portfolio company is put up for sale, Vantage's underlying companies can still achieve an exit event, ultimately to the benefit of investors in each respective Vantage fund.

Key takeaways, noted by Vantage, from the February 2024 public markets reporting season include an emphasis on continued cost control initiatives and a resurgence in M&A activities. Heightened cost control measures were observed across publicly listed companies as management teams sort to grapple with the challenges of inflation and weakened demand, making it arduous to implement price hikes and bolster top-line growth amidst escalating wage pressures. As macroeconomic conditions stabilise, corporates are anticipated to gain confidence in pursuing new projects and undertake capital expenditure initiatives for growth.

Private equity activity in the March 2024 quarter witnessed four acquisitions completed, all within Vantage's funds, across diverse sectors such as retail, construction, and business support services, along with seven completed exits. While deal volumes remains subdued compared to previous periods, market expectations foresee a rebound in deal activity across the remainder of 2024. This optimism is fueled by increased clarity regarding the trajectory of inflation and interest rates, coupled with recent gains in the Australian share market.

DIRECTORY

CONTACT DETAILS

The Vantage Private Equity Secondaries Opportunities Fund
Level 39, Aurora Place
88 Phillip Street
Sydney, New South Wales 2000 Australia

TRUSTEE & INVESTMENT MANAGER

Trustee: Vantage Asset Services Pty Limited
ACN: 651 345 292
Authorised Representative No. 001290874
Manager: Vantage Asset Management Pty Limited
ACN: 109 671 123
Australian Financial Services Licence: 279186
Managing Director - Michael Tobin
Phone: +61 2 9067 3133
Email: info@vantageasset.com
Website: www.vantageasset.com

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.



VANTAGE ASSET MANAGEMENT

