

VANTAGE PRIVATE EQUITY GROWTH 6



QUARTERLY INVESTOR REPORT
30 JUNE 2024

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EXECUTIVE SUMMARY

Welcome to the first Vantage Private Equity Growth 6 (VPEG6) quarterly investor report for the period ending 30 June 2024.

VPEG6 is a private equity fund investing into professionally managed top quartile performing private equity funds based in Australia and New Zealand. These funds, in which Vantage makes primary capital commitments to and co-investments alongside, ultimately invest into profitable companies at the Growth Capital, Expansion, Turnaround and Buyout Financing stages of private equity in Australia and New Zealand.

VPEG6 will develop a diversified portfolio of underlying investments similar to Vantage's existing Private Equity funds, which have an emphasis on growth industry sectors including the B2B services, Information Technology, Healthcare, Education, Industrials, Agriculture and Consumer Staples.

It has been an extremely active period for the Vantage team to structure, establish and open VPEG6 for investment, and we are pleased to share with you this first quarterly investor update.

VPEG6 CONDUCTS FIRST CLOSE & COMMENCES INVESTMENT PROGRAM

On 17th July 2024, VPEG6 conducted the Fund's First Close, raising a total of \$30 million in capital commitments from investors. As a result of achieving this milestone, the Investment Program for the Fund has commenced, resulting in AUD\$28 million of capital commitments being made across two primary commitments. These investments included; a \$10 million primary commitment to Allegro Fund IV Side Car 2 and an AUD\$18 million (NZD\$20 million) primary commitment to Waterman Fund 5 LP. The early primary commitments cements VPEG6's portfolio and places the Fund into a robust position for expediting value, as a result of this immediate deployment.

VPEG6 will remain open for investment until either the Fund's target size of \$250 million is reached, or the second anniversary of the First Closing Date. If you wish to learn more on VPEG6 or would like to make an application, please contact Vantage's Investor Services Team via email at info@vantageasset.com or call 02 9067 3133.

An application can be made by contacting your Wealth Adviser or through VPEG6's Online Application form by copying the following link into your web browser;

<https://apply.automic.com.au/VPEG6>

VPEG6 RECEIVES 'SUPERIOR' RATING

During the June quarter, VPEG6 was pleased to be awarded a 'Superior' 4-star rating by independent investment research firm SQM Research. By designating VPEG6 as 'High Investment Grade', SQM's rating classifies VPEG6 as 'Suitable for inclusion on most APL's'.

In their report, SQM Research highlights the Fund's diversification benefits, access to institutional grade Private Equity funds that are typically unavailable to individual investors and a highly experienced investment team with expertise in managing private equity fund of funds.

The VPEG6 'Superior' rating follows on from the February 2023 'Superior' rating achieved by VPEG5 which completed its Final Close in December 2023 and is now fully committed across eight private equity funds and four co-investments.

To receive a copy of the report please contact your Wealth Adviser or email Vantage's Investor Services Team to request further information.

VANTAGE TEAM ADVANCES

With the establishment of VPEG6, Vantage's team continues to advance with the growing investor demand. During the quarter, Jonathan Kelly was appointed as a Non-Executive Director and Investment Committee Member of Vantage's Flagship private equity and secondary programs, bringing over 20 years of Australian mid-market private equity experience. His deep industry knowledge and strategic insights will undoubtedly assist to enhance Vantage's investment decisions as well as to reinforce the strength of returns to our investors. Additionally, the team welcomed David Abraham as an Investment Analyst from CDPQ's Infrastructure investment team and Alicia Cook as Investor Relations Manager from Ophir Asset Management, both bringing essential skills to strengthen Vantage's operations and investments.

PERFORMANCE



PERFORMANCE

NAME OF FUND	VANTAGE PRIVATE EQUITY GROWTH 6 (VPEG6)
FIRST CLOSE	17 TH JULY 2024
TARGET FUND SIZE	\$250 MILLION
STRATEGY	PRIVATE EQUITY FUND OF FUNDS
INVESTMENT FOCUS	LOWER TO MID-MARKET AUSTRALIA & NEW ZEALAND
FUND STRUCTURE	AUSTRALIAN UNIT TRUST
APPLICATION INTAKE	MONTHLY
MINIMUM INVESTMENT	AUD\$100,000
APPLICATION AMOUNT	5% OF INVETSORS COMMITTED CAPITAL
REGISTRY	AUTOMIC PTY LTD
VPEG6 ONLINE APPLICATION FORM URL	HTTPS://APPLY.AUTOMIC.COM.AU/VPEG6

PORTFOLIO

TOTAL COMMITTED CAPITAL TO PRIVATE EQUITY	\$28,000,000
NO. OF PRIMARY COMMITMENTS	2
NO. OF PORTFOLIO COMPANIES	-
CALLED CAPITAL - PER \$ OF COMMITTED CAPITAL	\$0.05



PRIVATE EQUITY PORTFOLIO





PRIVATE EQUITY PORTFOLIO

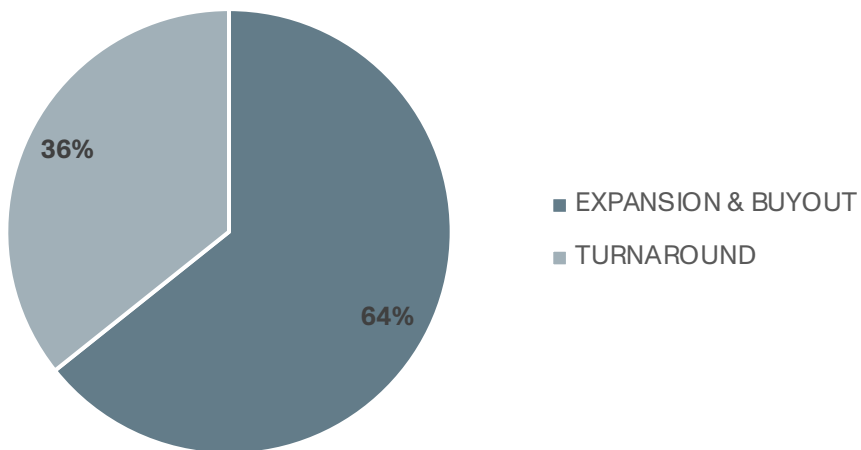
VPEG6 PRIVATE EQUITY PORTFOLIO

PRIVATE EQUITY FUND NAME	FUND / DEAL SIZE (\$M)	VINTAGE	INVESTMENT STRATEGY	COMMITMENT (AUD\$M)	CAPITAL DRAWN (\$M)	PORTFOLIO COMPANIES	EXITS
ALLEGRO FUND IV SIDE CAR 2	\$106	2024	TURNAROUND	\$10.00	-	-	-
WATERMAN FUND 5 LP	NZ\$250	2024	EXPANSION / BUYOUT	\$18.00	-	-	-
			TOTAL	\$28.00	-	-	-



PRIVATE EQUITY PORTFOLIO

PORTFOLIO SPLIT BY FINANCING STAGE



PORTFOLIO ACTIVITY





PORTFOLIO ACTIVITY

During the quarter, the Vantage investment team spent a considerable amount of time conducting due diligence on a number of private equity managers who were raising funds to invest into Vantage's target investment segment.

As a result of this diligence conducted throughout the period and VPEG6 achieving First Close, Vantage successfully received Investment Committee approval for the Fund to make its first two primary capital commitment allocations totalling AUD\$28 million to Allegro Fund IV Side Car 2 and Waterman Fund 5 LP. A summary of each private equity fund, in which VPEG6 has made a primary commitment to is provided below.

ALLEGRO FUND IV SIDE CAR 2



During July 2024, VPEG6 received investment committee approval to make a \$10 million primary commitment to Allegro Fund IV Side Car 2. Allegro Fund IV Side Car 2 is managed by Allegro Funds based in Sydney. Allegro Funds are focused on investing into turnaround, special situations and transformation opportunities in the mid-market in Australia and New Zealand. Allegro will target businesses in Australia and some in New Zealand experiencing financial, operational or market related dislocation, where the Fund's capital can be used to solve an issue which is impeding business performance or value.

WATERMAN FUND 5 LP



In addition, during July 2024, VPEG6 received investment committee approval to make its second primary capital commitment totalling AUD\$18 million to Waterman Fund 5 LP. Waterman Fund 5 LP is managed by Waterman Capital Limited based in New Zealand. Waterman Fund 5 LP is focused on investment into mid-market companies with an enterprise value of up to \$150 million, that are headquartered or have substantial operations in New Zealand. Waterman are an established, highly

reputable mid-market private equity firm, focused on making investments targeting expansion capital, buyout / buy-in and replacement capital opportunities in New Zealand.

The early primary investments cement VPEG6's portfolio and places the Fund into a robust position for expediting early value, as a result of these immediate primary commitments.

ATTRACTIVE TARGET INVESTMENT FOCUS

VPEG6 will only make investments into, or alongside professionally managed private equity funds focused on investing in profitable companies in the lower to mid-market segment at the Growth Capital, Turnaround and Buyout Financing stages of private equity in Australia & New Zealand.

This segment of private equity is attractive due to the following reasons,

- Australia represents a far less competitive market for investors, especially in the lower to mid-market segment, which offers the largest opportunity set. Australia and New Zealand has historically delivered higher returns at a significantly lower risk compared with other regions globally, highlighting the profitability of this segment.
- The majority of growth in value of private equity backed businesses in this segment is generated by sustainable earnings enhancement rather than the financial engineering approach that is typical of the larger market space.
- Private Equity executives actively work in partnership with the management of portfolio companies in this segment and bring deep financial and business skills as well as the broad networks and experience that are essential for transformational business growth.



PORTFOLIO ACTIVITY

- Private Equity managers operating in the Growth, Turnaround and Buyout financing stages of Private Equity implement and maintain a long-term view, with strategies designed to weather economic ups and downs.

This segment also benefits from the ability for Private Equity funds to exit (sell) portfolio companies by several different methods, including;

- i. An initial public offer (or listing on a public market)
- ii. A Trade Sale to a larger industry player or
- iii. As a “secondary sale” to a larger, often global, Private Equity fund or institutional investor.

This creates pricing tension amongst purchaser’s, ultimately driving up price and delivering a higher return on initial invested capital to the private equity funds and their investors.

VPEG6’s lower to mid-market focus will ultimately develop a portfolio of investments with an enhanced ability to generate stronger, more consistent returns to investors while maintaining a lower level of risk across the portfolio.

MARKET INSIGHTS





MARKET INSIGHTS

The Australian M&A environment over the last quarter saw fund managers exercise caution in deploying new capital unless new investments demonstrated a clear focus on strategic alignment and a long-term value creation strategy. Australian M&A deal volume dropped 9% in 1H24 from 1H23, but deal value rose 1% in that same period to reach AUD\$52.85bn. One of the key factors restraining M&A activity is the current macroeconomic climate, characterised by an array of unpredictable factors including interest rates, persistent inflation, and a general lack of business confidence.

There has been a notable shift towards strategic investments as fund managers adopt more risk-averse strategies. Today, fund managers are prioritising investments that promise clear strategic benefits, aligning closely with long-term objectives rather than short-term gains. This shift in the market highlights a preference for quality over quantity, with each investment needing to justify its associated risks and costs.

In response to continuing economic pressure on consumer demand, persistent inflation, and tight labour conditions, fund managers are focused on assisting portfolio companies with margin enhancement through productivity initiatives, targeted cost-reduction programmes, and growth initiatives aimed at driving market share growth.

Despite the challenging M&A environment, the lower to mid-market segment continues to offer significant value. These businesses are more attractive than their larger counterparts due to attractive entry valuations, various avenues for exit and modest amounts of leverage employed.

PRIVATE EQUITY ACTIVITY

During the June 2024 quarter, twelve acquisitions were announced or completed across various sectors, such as healthcare, education, software, and business support services. Eight exits were also announced or completed during this period.

Vantage's Flagship program portfolio witnessed five acquisitions in the quarter across the education, energy, information technology, and professional services sectors.

As predicted last quarter, deal volumes continue to improve as investors look to capitalise on market uncertainty. Record levels of dry powder and a backlog of portfolio companies ready for sale suggest that deal activity will inevitably improve over the next twelve months. Key takeaways from Vantage's discussion with General Partners (GPs) include a favourable environment for negotiating buyer-friendly terms and a growing emphasis on operational improvements to drive value creation.

The lower to mid-market segment of private equity has continued to demonstrate its resilience. Over the last quarter, four investments were exited across Vantage's portfolio through either secondary sales or trade sales. This is in stark contrast to the large-cap segment of private equity, which relies heavily on the IPO market to exit investments.

Another attractive feature of mid-market private equity is that investments do not rely on leverage to generate returns and employ minimal to modest leverage in their investments. Instead, a greater emphasis is placed on value creation strategies, which has resulted in resilient valuations in the face of rising interest rates.

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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 Investment Manager of Vantage Private Equity Growth 6. 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

