

# VANTAGE PRIVATE EQUITY GROWTH 5



QUARTERLY INVESTOR REPORT  
31 MARCH 2024

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## VPEG5

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# EXECUTIVE SUMMARY

Welcome to the Vantage Private Equity Growth 5 (VPEG5) quarterly investor report for the period ending 31 March 2024.

The March 2024 quarter was another active period for VPEG5's private equity managers with a number of new investments completed across various industry verticals such as industrials, professional services and health care. This resulted in VPEG5 paying seven capital calls to underlying funds and adding six unique companies to VPEG5's portfolio during the quarter.

As is expected in the building phase of a private equity fund, VPEG5's private equity managers are focused on deploying capital into new investments with those companies already within the portfolio implementing their value creation strategies. Vantage expects this to continue to be a priority for VPEG5's private equity managers into the near future as fund performance reflects the private equity J-Curve. [For more insights on Vantage Fund's approach to the J-Curve, please see the article linked [here](#).]

## PORTFOLIO HIGHLIGHTS

During the period, five of VPEG5's private equity managers made six new platform acquisitions, increasing the number of unique companies in VPEG5's portfolio from 19 to 25. VPEG5 also acquired an additional stake, via a secondary share sale, in its co-investment in Compare Club alongside Next Capital.

Vantage's private equity managers are implementing a number of value creation strategies and operational improvements across the portfolio of companies as well as targeting additional bolt-on opportunities for existing portfolio companies, that Vantage expects to be announced in the near future.

Vantage expects that the number of portfolio acquisitions in VPEG5 will also increase over the next twelve to twenty-four months as private equity managers look to fully deploy the committed capital of their funds.

## VPEG5 FUND ACTIVITY

During the quarter, capital calls totalling \$8,557,128 were paid by VPEG5 to Allegro Fund IV, Next Capital Fund V, Mercury Capital 22 and Advent Partners Fund 3 to fund new investments.

As of 31 March 2024, VPEG5 had called 39% of investors' capital. VPEG5's Net Asset Value (NAV) at period end was \$0.34 per dollar of committed capital to VPEG5.

## LAUNCH OF NEW FLAGSHIP FUND VPEG6

In February 2024, Vantage launched the latest fund in 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 in 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 contact your wealth adviser or Vantage's Investor Services Team via email at [info@vantageasset.com](mailto:info@vantageasset.com) to request a meeting with a Vantage executive for more information.

# PERFORMANCE



# PERFORMANCE

<b>QUARTER ENDING</b>	<b>31 MARCH 2024</b>
FINAL CLOSE	DECEMBER 2023
STRATEGY	PRIVATE EQUITY FUND OF FUNDS
COMMITTED CAPITAL	\$165.73 MILLION
CALLED CAPITAL - PER \$ OF COMMITTED CAPITAL	\$0.39
UNCALLED CAPITAL - PER \$ OF COMMITTED CAPITAL	\$0.61
NET ASSET VALUE (NAV) - PER \$ OF COMMITTED CAPITAL	\$0.34

## PORTFOLIO

TOTAL COMMITTED CAPITAL TO PRIVATE EQUITY	\$170.02 MILLION
NO. OF PRIMARY COMMITMENTS	8
NO. OF CO-INVESTMENTS	4
NO. OF UNDERLYING PORTFOLIO COMPANIES	25
NO. OF EXITS	0
NO. OF REMAINING PORTFOLIO COMPANIES	25



# PRIVATE EQUITY PORTFOLIO





# PRIVATE EQUITY PORTFOLIO

## VPEG5 PRIVATE EQUITY PORTFOLIO

PRIVATE EQUITY FUND NAME	FUND / DEAL SIZE (\$M)	VINTAGE	INVESTMENT FOCUS	VPEG5 COMMITMENT (\$M)	CAPITAL DRAWN (\$M)	PORTFOLIO COMPANIES	EXITS
CPE CAPITAL 9	\$729	2020	BUYOUT	\$20.00	\$5.34	5	-
ADVENT PARTNERS 3 FUND	\$410	2020	EXPANSION / BUYOUT	\$20.00	\$9.92	4	-
ALLEGRO FUND IV	\$623	2020	TURNAROUND	\$25.00	\$9.62	4	-
ANCHORAGE CAPITAL PARTNERS FUND IV	\$505	2021	TURNAROUND	\$25.00	\$6.38	3	-
MERCURY CAPITAL FUND 22	\$1,000	2022	EXPANSION / BUYOUT	\$15.00	\$3.83	3	-
RIVERSIDE AUSTRALIA FUND IV	\$450	2022	EXPANSION / BUYOUT	\$20.00	\$0.00	0	-
ADAMANTEM ENVIRONMENTAL OPPORTUNITIES FUND	\$350**	2022	EXPANSION	\$20.00	\$0.00	1	-
NEXT CAPITAL FUND V	\$375	2022	EXPANSION / BUYOUT	\$20.00	\$2.68	3	-
CO-INVEST NO.1 – EVENTS AIR	\$187	2022	EXPANSION / BUYOUT	\$1.00	\$1.00	1	-
CO-INVEST NO.2 – GULL NZ	NZ\$495	2022	BUYOUT	\$1.00	\$1.00	1	-
CO-INVEST NO.3 – COMPARE CLUB	\$160	2022	EXPANSION	\$2.00	\$2.00	1	-
CO-INVEST NO.4 – PAC TRADING	\$68	2023	EXPANSION / BUYOUT	\$1.02	\$1.02	1	-
<b>TOTAL</b>				<b>\$170.02</b>	<b>\$42.78</b>	<b>25*</b>	<b>-</b>

\* Excluding Duplicates

\*\* Target Fund Size



# PRIVATE EQUITY PORTFOLIO

## TOP 10 HOLDINGS ACROSS THE PORTFOLIO

RANK	PORTFOLIO COMPANY	FUND	DESCRIPTION	SHARE OF PORTFOLIO	CUMULATIVE
1	DAVID JONES	ANCHORAGE IV	AUSTRALIAN LUXURY DEPARTMENT STORE	12.0%	12.0%
2	GULL NZ	ALLEGRO IV / CO-INVEST NO. 2	NZ PETROLEUM DISTRIBUTION COMPANY AND PETROL STATION CHAIN	9.2%	21.3%
3	SCYNE ADVISORY	ALLEGRO FUND IV	AUSTRALIAN PUBLIC SECTOR ADVISORY BUSINESS	8.4%	29.6%
4	SLATER & GORDON	ALLEGRO IV	A LEADING COMPENSATION AND CLASS ACTION LAW FIRM	8.0%	37.6%
5	RMS	ADVENT PARTNERS 3 FUND	SAAS PROPERTY MANAGEMENT FOR ACCOMMODATION SECTOR	8.0%	45.6%
6	FINDEX GROUP	MERCURY CAPITAL 22	FINANCIAL ADVISORY AND ACCOUNTING SERVICES	6.3%	51.9%
7	AMBROSE CONSTRUCT	CPE CAPITAL 9	PROJECT MANAGEMENT AND CONTRACTOR SERVICES TO INSURANCE COMPANIES	6.1%	58.0%
8	MYSITE	ADVENT PARTNERS 3 FUND	GLOBAL PROVIDER OF SAAS SOLUTIONS FOR COMMUNITY AND STAKEHOLDER ENGAGEMENT	5.6%	63.7%
9	COMPARE CLUB	CO-INVESTMENT NO.3	OPERATOR OF CONSUMER FINANCE AND INSURANCE INFORMATION PLATFORM	5.6%	69.3%
10	ACCESS COMMUNITY HEALTH	ANCHORAGE IV	NZ PROVIDER OF IN-HOME NURSING, PERSONAL CARE, REHABILITATION AND SOCIAL SUPPORT.	5.6%	74.9%





# PRIVATE EQUITY PORTFOLIO

## INDUSTRY DIVERSIFICATION OF PORTFOLIO

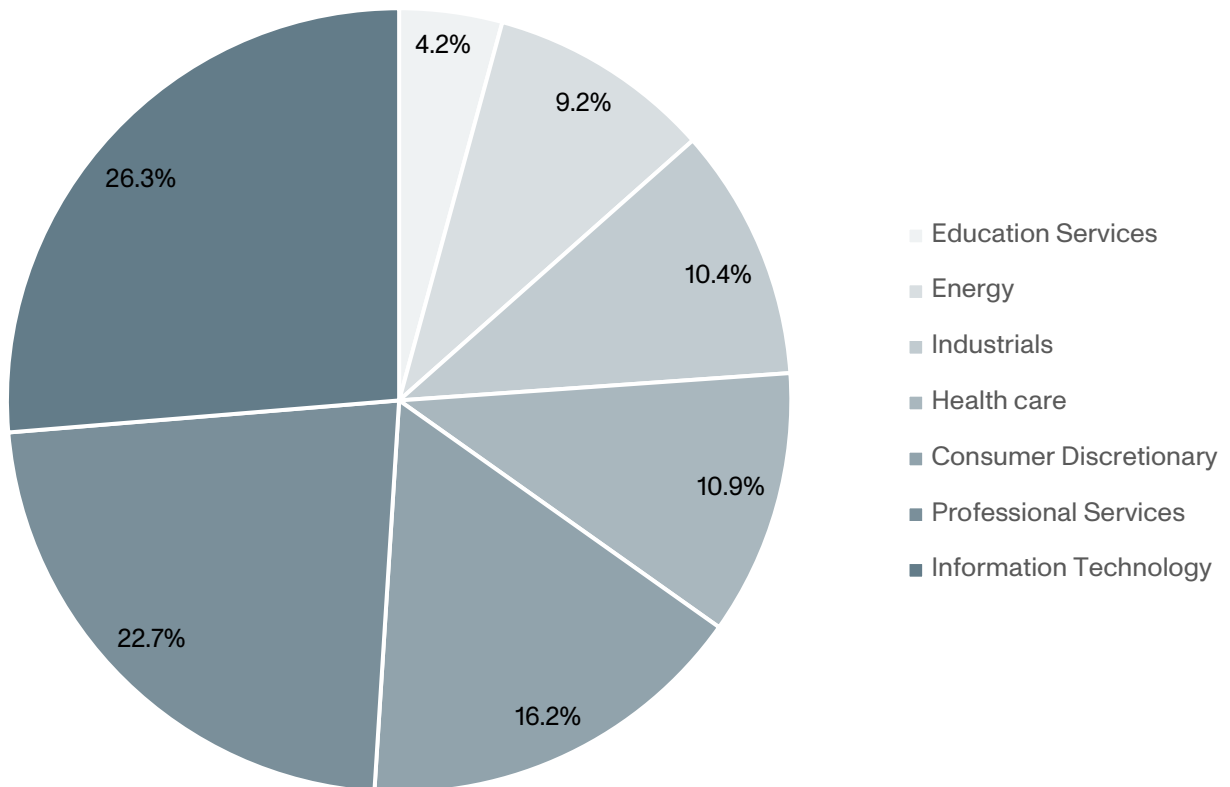


Image: Industry diversification of VPEG5 portfolio at period end 31 March 2024. Keys is in ascending order.

# PORTFOLIO ACTIVITY





# PORTFOLIO ACTIVITY

## OVERVIEW OF NEW UNDERLYING INVESTMENTS

Private equity activity throughout the March 2024 quarter was elevated with deal activity occurring across VPEG5's portfolio. For VPEG5, which is in deployment phase, this translated to six new company investments completed during the quarter.

Provided below is an overview of the new investments added to VPEG5's portfolio across the quarter.

### MODUS PROJECTS – CPE CAPITAL 9



In February 2024, 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 – ADVENT PARTNERS 3 FUND



During March 2024, 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.

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



# PORTFOLIO ACTIVITY

## NUTUN AUSTRALIA - ALLEGRO FUND IV

In March 2024, Allegro Fund IV completed the 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 is 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.

## GLOBEWEST – **GLOBEWEST** NEXT CAPITAL FUND V

During the quarter Next Capital Fund V announced an investment in GlobeWest, a leading Australian designer and supplier of premium furniture into the B2B trade segment.

Established in 2003, GlobeWest is the largest branded B2B furniture supplier in the country, servicing ~4.4k interior designers, architects, property stylists, developers, and high-end retailers with a broad product range encompassing ~3.5k SKUs (Stock Keeping Units).

GlobeWest benefits from a high perceived value given its strong brand perception in the market. Moreover, GlobeWest has significantly more customers and a larger product range/breadth relative to its competitors. Hence, GlobeWest's business model exhibits strong defensive characteristics which should sustain its competitive position into the future.

Key differentiators include its broad product range, strong design capability and 20-year history. Next Capital will focus on executing a number of value creation strategies going forward to further establish GlobeWest as a market leader.



# PORTFOLIO ACTIVITY

## FINDEX – MERCURY FUND TWENTY2



During the quarter Mercury Fund twenty2 completed an investment into Findex, one of the largest providers of wealth, management and accounting services to SMEs and their owners across Australia and New Zealand (ANZ). Findex has significant reach in two independently large and growing markets: wealth management and accounting professional services.

Mercury was attracted to Findex as it is the only business that has been able to establish a scale wealth and financial planning business alongside a comprehensive accounting services platform in ANZ. This is complemented by a unique focus on the SME market, market leadership positions in fast-growing regional hubs outside metro centres, and market-leading investment in technology and digital capabilities.

Macro trends such as an ageing population, increasing retirement savings, recurring service usage and fragmented industry structures provide opportunities for long-term revenue growth for well-managed scale businesses within these sectors.

## FYFE - MERCURY FUND TWENTY2



During the quarter Mercury Fund twenty2 also completed an investment into Fyfe, a market-leading multi-disciplinary engineering firm that provides engineering, surveying and environmental (ESE) consulting services in Australia. Engineering, as a people-based services sector, offers capital-light exposure to increased spending on infrastructure projects.

Fyfe has three core operating divisions: Energy and Resources, Surveying and Property and Infrastructure. Fyfe is looking to increase its market share with significant opportunity for future growth.

Fyfe's core customer base is made up of bluechip private and public organisations across natural gas, mining, property development, public infrastructure and construction. Fyfe's customers include leading natural gas companies (Santos, Arrow Energy, Beach Energy), top-tier miners (BHP), property development businesses (Peregrine), state governments (Department for Transport SA, Department of Infrastructure, Planning and Logistics NT) and construction businesses (Sitzler, CPB Contractors).



# PORTFOLIO ACTIVITY

## COMPARE CLUB CO-INVESTMENT



In February 2024, VPEG5 acquired an additional \$1m stake, via a secondary share sale, in its co-investment in Compare Club managed by Next Capital Fund IV.

VPEG5 previously co-invested \$1m in Compare Club in September 2022, at the same time Next Capital Fund IV originally invested. The secondary acquisition by VPEG5 in the March quarter reflects strong trading performance in Compare Club to date, and an optimistic outlook of forecasted trading and earnings growth in the future.

Compare Club is a leading personal finance comparison site across Australia, providing a comparison opportunity for customers across various types of insurance and loan products, as well as providing brokerage services.

Compare Club currently provides comparison and brokerage services for health insurance, life insurance and home loan products. The business is also looking to expand further into new verticals. Compare Club has deep rooted relationship with a blue-chip product provider base, working with key domestic and international providers.

The comparison site market continues to experience significant industry tailwinds, aided by an increase in financial product participation, accelerated rate of customer switching and growing share of products sold via comparison channels.

## ELF GROUP



Anchorage 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.

# MARKET INSIGHTS







# MARKET INSIGHTS

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 sponsors to acquire high quality assets. Across Vantage's flagship fund of funds strategy, six new completed 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 Fund of Funds strategy provides Investors with a significant level of diversification across Managers, Vintage Years, Financing Stage, and Geography. This diversification has resulted in VPEG5 already having exposure to 25 underlying portfolio companies across a highly diverse range of industry sectors. This high level of diversification means that across different market cycles, Vantage's portfolios are well placed for continued deal activity, resulting in a steady flow of distributions to investors during the divestment stage of the portfolio.

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. Vantage Funds are 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.

Key takeaways, noted by Vantage, from the February listed 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 completed acquisitions 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

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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 5. 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

