

QUARTERLY REPORT

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES FUND

QUARTERLY INVESTOR REPORT
31 MARCH 2023



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 as well as invest in selective co-investment opportunities and other preferred equity opportunities in target Private Equity funds.

On 27 July 2021 and 31 August 2021, the Fund closed its initial two tranches of capital raising with a total of 16,016,600 units issued at \$1.00 per unit. In July 2022, the Fund completed a further capital raising, with a total of 2,130,491 units issued at \$1.16 per unit. In September 2022, the Fund completed another capital raising, with a total of 4,461,148 units issued at \$1.17 per unit. In December 2022, the Fund completed another capital raising, with a total of 883,535 units issued at \$1.16 per unit. In January 2023, the Fund completed another capital raising, with a total of 87,179 units issued at \$1.17 per unit.

As at 31 March 2023, a total of \$22,940,255 of the Fund's capital had been utilised to acquire interests in Advent Partners 2, Anchorage Capital Partners Fund III, Vantage Private Equity Growth 3 and a small holding in Vantage Private Equity Growth 2B, as well as to invest further capital into Advent Partners 2 Fund and Anchorage Capital Partners Fund III for additional portfolio company investments completed to date. VPESO's co-investments include \$2 million to each of Gull New Zealand and Compare Club. As a result, VPESO ultimately held interests and commitments in 52 underlying company investments at quarter end¹.

1. Excludes underlying portfolio companies in VPEG2B which in total represent less than 0.1% of VPESO's total investment portfolio

SPECIAL POINTS OF INTEREST

VPESG3 Investee, Allegro III completes restructure and ultimate acquisition of Camp Australia, Australia's largest out of school hours care provider

VPESO completes the secondary acquisition of interests in Genesis Capital Fund I, an Australian healthcare mid-market specialist in April 2023

VPESO's investment strategy allows investors to gain immediate exposure to top quartile performing Private Equity managers in Australia and New Zealand

PERFORMANCE

The period 1 January 2023 to 31 March 2023, saw ongoing private equity activity across VPESO's portfolio, with the continued build-out of the portfolio with the acquisition of new interests, as well as significant bolt-on activity in the underlying portfolio.

During the quarter, the Fund completed an additional capital raise, resulting in the issuance of 87,179 units. The capital has been partially used to fund the acquisition of additional interests in VPEG3, as well as funding drawdowns for the period. Drawdowns during the quarter from VPESO, totalling \$277,778 were paid to Anchorage Capital Partners Fund III to cover management fees and working capital requirements as well as to repay bridge funding facilities used by that fund to complete previous acquisitions and follow-on investments.

During the quarter, VPESO received \$377,155 in distributions from underlying funds VPEG3 and VPEG2B. Distributions from both VPEG3 and VPEG2B were generated from exits occurring in the December 2022 and March 2023 quarters.

The table below provides a summary of the performance of the Fund's portfolio during the March 2023 quarter. As illustrated, VPESO's Net Asset Value decreased 3.46% across the quarter from \$1.201 per Unit at 31 December 2022 to \$1.160 per Unit as at 31 March 2023. The change in value was mainly due to a slight decrease in the unrealised value of the portfolio across the quarter.

Month Ending	VPESO NAV per Unit (\$)
31-Mar-23	1.160
31-Dec-22	1.201

PORTFOLIO DEVELOPMENTS

During the March 2023 quarter, there was continued activity across VPESO's portfolio with the acquisition of additional interests in Vantage Private Equity Growth 3 Fund ("VPEG3"), as well as the completion of one new underlying company investment by a VPEG3 investee.

During the period, VPESO acquired an additional \$0.5m in commitments in VPEG3, bringing the total commitment level in VPEG3 to \$4.7m.

During February 2023, VPEG3 investee Allegro Fund III completed the financial restructure and ultimate acquisition through a debt-to-equity swap of Camp Australia, Australia's largest out of school hours care provider with over 500 services and over 3,000 employees.

In addition, during February 2023, VPEG3 portfolio company Eptec Group completed the bolt-on acquisition of Corrosion Control Engineering (CCE), Australasia's largest and most experienced Cathodic Protection specialist. The acquisition further increases Eptecs' growing capabilities in servicing the Defence and Infrastructure, Asset Remediation & Corrosion Mitigation Solutions.

During March 2023, VPEG3 portfolio company Questas performed the bolt-on acquisition of Isadraulics, a locally renowned specialist in hydraulic cylinder repairs. The acquisition further increases Questas' growing customer base spread across the heavy industrial, manufacturing and resources industries.

During the March 2023 quarter, a series of corporate entities within VPEG3 were placed into administration. These circumstances have arisen due to factors such as COVID-19, high-cost pressures, capacity constraints, and labour shortages.

Among the companies affected were VPEG3 portfolio companies Tribe Brewing (VPEG3 co-investment No.2 alongside Advent Partners 1 Fund) and Scott's Refrigerated Logistics (Anchorage Capital Partners Fund III). In both cases, Advent and Anchorage management held discussions with key stakeholders of each portfolio company to allow the each business to be restructured and continue to trade until an appropriate sale route was conducted. These restructures, however, did not allow Advent and Anchorage to receive any proceeds due to short term loan repayments to creditors taking priority under the capital structures in place.

Post the completion of the March 2023 quarter, VPESO completed a secondary acquisition of \$1m of committed capital in Genesis Capital Fund I, a \$195 million private equity fund focused on investments in the healthcare sector that exhibit strong growth potential and headquartered in Australia or New Zealand. At the time of acquisition, the Fund has completed investments in six healthcare companies across Australia and New Zealand, including Sana Health Group, Therapy Pro, Impression Dental, Crux Biolabs, HealthBright and P3 Research.

As at quarter end, VPESO had ultimately committed to and invested in 52 underlying company investments with 9 exits completed (partially or fully realised) from the underlying funds. The Fund's Investment Team are seeing increased inbound deal-flow for secondary and co-investment opportunities, with a number of opportunities currently under review, with execution to be completed dependent on the attractiveness of pricing and level of alignment with VPESO's strategy.

NEW SECONDARY PRIVATE EQUITY FUND ACQUISITIONS

GENESIS CAPITAL FUND I

During April 2023, VPESO completed the secondary acquisition of \$1.0 million in investment commitments in Genesis Capital Fund I ("GCF I").



GCF I, managed by Sydney-based firm Genesis Capital Pty Ltd is a 2021 vintage fund with \$195 million in investment commitments targeting opportunities within the healthcare sector that exhibit strong growth potential and headquartered in Australia or New Zealand.

Established by Chris Yoo and Michael Caristo in 2018, Genesis Capital focuses on rapidly expanding areas of the healthcare industry with under-served populations, significant levels of fragmentation and opportunities to establish market leaders. The Fund typically invests in businesses that operate in Australia & New Zealand's lower mid-market healthcare sector

At the time of acquisition, Genesis Capital Fund I had completed six investments across Australia and New Zealand. The following table provides a summary of each Genesis Capital Fund I portfolio company.

Genesis Capital Fund I		
Portfolio Company	Logo	Description
Sana Health Group		An Australasian leader in behavioural health with a mission to support more people towards a better future.
Therapy Pro		Provider of high-quality, practical allied health therapy services that make a difference in people's lives
Impression Dental		A growing network of Dental clinics across Australia
Crux Biolabs		A leading Australian laboratory for vaccines, immunotherapies, immuno-oncology and infectious diseases
HealthBright		A group of mental health companies dedicated to helping practitioners reach patients and focus on their care
P3 Research		A leading and respected clinical trials company dedicated to performing high-quality studies

OVERVIEW OF NEW INVESTMENT

CAMP AUSTRALIA – ALLEGRO FUND III

During February 2023, VPEG3 investee Allegro Fund III completed the financial restructure and ultimate acquisition through a debt-to-equity swap of Camp Australia, Australia's largest out of school hours care provider.



Founded in 1987, Camp Australia has had a strong reputation for delivering high-quality care to primary school-aged children.

Camp Australia's before and after-school care programs are designed to provide children with a safe and supportive environment where they can participate in a range of fun and engaging activities. These activities are designed to promote learning, social interaction, and physical activity, and they are tailored to suit the age and developmental needs of each child.

The company also offers vacation care programs during school holidays, which provide working parents with a convenient and affordable childcare option when schools are closed. These programs feature a range of activities, such as excursions, arts and crafts, and sports, and they are designed to keep children entertained and engaged throughout the holiday period.

Camp Australia operates in over 500 schools across Australia, and it employs over 3,000 staff members who are trained and qualified in childcare and education. The company is committed to providing a safe and nurturing environment for children, and it has a range of policies and procedures in place to ensure the safety and wellbeing of all children in its care.

PORTFOLIO STRUCTURE

VPESO's PORTFOLIO STRUCTURE - 31 MARCH 2023

The tables and charts below provide information on the breakdown of VPESO's investments as at 31 March 2023.

CURRENT INVESTMENT ALLOCATION

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

The Private Equity component of the portfolio is further broken down by the investment stage (Later Expansion or Buyout) of the underlying investments that currently make up VPESO's Private Equity portfolio.

VPESO			
Cash	Fixed Interest Investments	Private Equity	
0.2%	15.2%	Later Expansion	40.1%
		Buyout	44.5%

PRIVATE EQUITY PORTFOLIO

VPESO, with commitments to and investments in two Private Equity funds, one fund of funds and two co-investments, has ultimately committed to and invested in 52 underlying company investments at quarter end, with nine exits completed to date. As a result, VPESO's Private Equity portfolio and commitments, as at 31 March 2023 were as follow:

Acquisition	Fund Size	Vintage Year	Investment Focus	VPESO Acquired Commitment	Paid-in Capital	Total No. of Investee Companies	No. of Exits
Advent Partners 2 Fund	\$300m	2017	Lower to Mid Market Growth / Buyout	\$10.00m	\$9.02m	7	1
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Turnaround / Buyout	\$5.00m	\$4.94m	5	2
Vantage Private Equity Growth 3	\$600m	2019	Fund of Funds - Lower to Mid Market Growth / Buyout / Turnaround	\$4.70m	\$4.37m	50	9
Co-invest No.1 - Gull New Zealand	~\$500m	2022	Mid Market Special Situations	\$2.00m	\$2.00m	1	-
Co-invest No.2 - Compare Club	\$110m	2022	Later Stage Buyout	\$2.00m	\$2.00m	1	-
Total¹				\$23.74m	\$22.34m	52	9*

¹Total No. of Investee Companies and No. of Exits excludes duplicates and announced investments or exits and does not include the small interest in VPEG2B.

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 2023.

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	14.4%	14.4%
2	Medtech Global	Advent Partners 2 Fund	Provider of Practice Management Software	12.0%	26.4%
3	Compare Club	Co-Investment No. 2	Personal finance marketplace	8.9%	35.3%
4	Gull NZ	Co-Investment No. 1	New Zealand petroleum distribution company and petrol station chain	8.4%	43.7%
5	GBST Wealth Management	Anchorage Capital Partners Fund III	Financial services technology provider to the global wealth market	8.4%	52.1%
6	Flintfox	Advent Partners 2 Fund	Developer of Trade Revenue Management Software	7.7%	59.8%
7	Imaging Associates Group	Advent Partners 2 Fund	Diagnostic Imaging Service Provider	6.7%	66.5%
8	Zero Latency	Advent Partners 2 Fund	Virtual Reality Gaming Developer & Experience Attraction	6.3%	72.8%
9	Specialised Linen Services	Anchorage Capital Partners Fund III	Leading National Laundry Operator	5.3%	78.1%
10	SILK Laser & Skin Holdings Pty Ltd	Advent Partners 2 Fund	Premium Provider of Laser and Skin Rejuvenation Services	2.6%	80.7%

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 2023.

As demonstrated by the chart VPESO's exposure to the "Information Technology - Software & Services" industry sector, represents the fund's largest industry sector exposure at 32.4% of VPESO's total portfolio at quarter end.

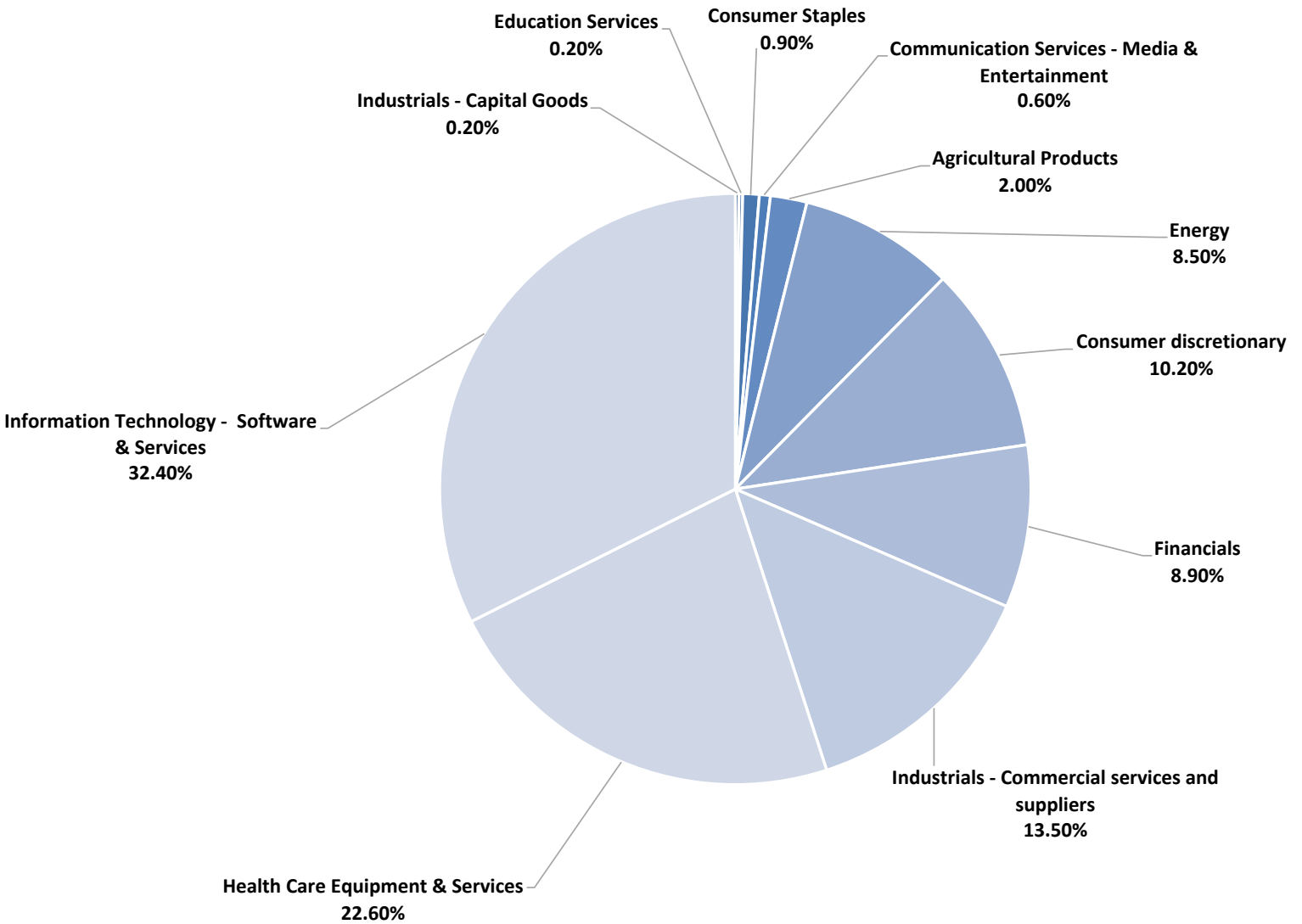


Figure: Industry exposure of VPESO's underlying investments

MARKET & ECONOMIC UPDATE

Inflation fell to 7 per cent in the March quarter, amid an easing in price pressures for food, clothing and housing construction, confirming the worst of Australia's inflation outbreak has passed.

The figures were a little stronger than market expectations for annual inflation of 6.9 per cent, but consistent with analysis by professional economists and the RBA that price pressures peaked at the end of last year.

Prices increased by 1.4 per cent within the March quarter itself, which was the softest quarterly read in a year.

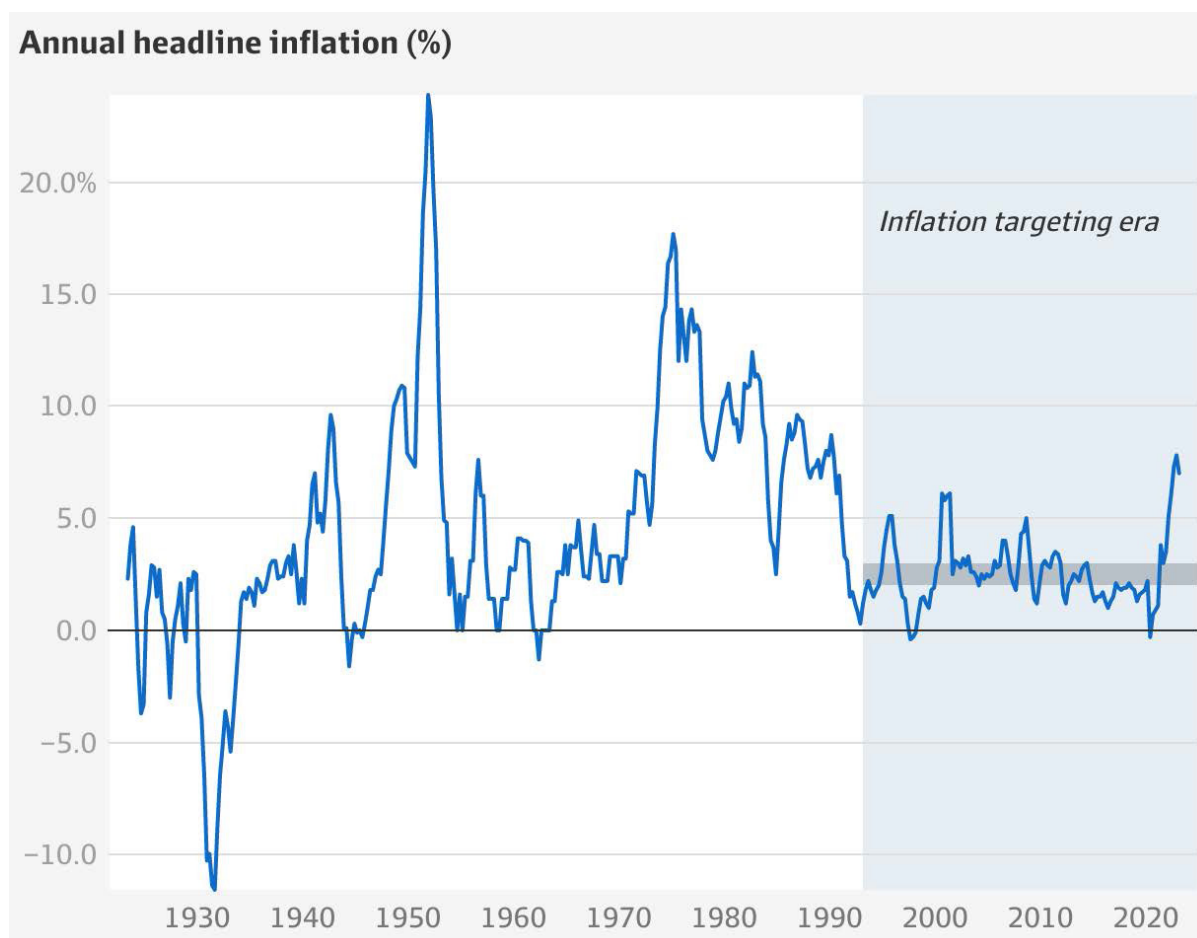


Chart: Michael Read - Source Australian Bureau of Statistics: Reserve Bank of Australia

On 2 May 2023, the RBA Board decided to increase the cash rate target by 25 basis points to 3.85 per cent. It also increased the rate paid on Exchange Settlement balances by 25 basis points to 3.75 per cent.

Despite inflation peaking in Australia, the Board deemed the current 7 percent rate still excessively high, recognizing that it will take some time before it falls within the target range. Considering the crucial need to restore inflation to the desired level within a reasonable timeframe, the Board concluded that an additional interest rate hike was justified.

Trimmed mean inflation, the RBA's preferred measure of underlying price pressures, slowed to 6.6 per cent from 6.9 per cent, which was slightly softer than expectations of 6.7 per cent. Underpinning the fall in inflation was

smaller price rises for goods, as well as lower food inflation. Heavy discounting caused the price of clothing and footwear to fall by 1 per cent in the first three months of the year, while inflation in the price of furniture and appliances also eased. Goods inflation globally has softened recently thanks to falling shipping costs and the resolution of supply chain issues. Inflation in the cost of building a new dwelling – the largest item in the CPI basket – slowed to 13 per cent, down from a peak of 21 per cent last year, thanks to an easing in material cost pressures and softening demand.

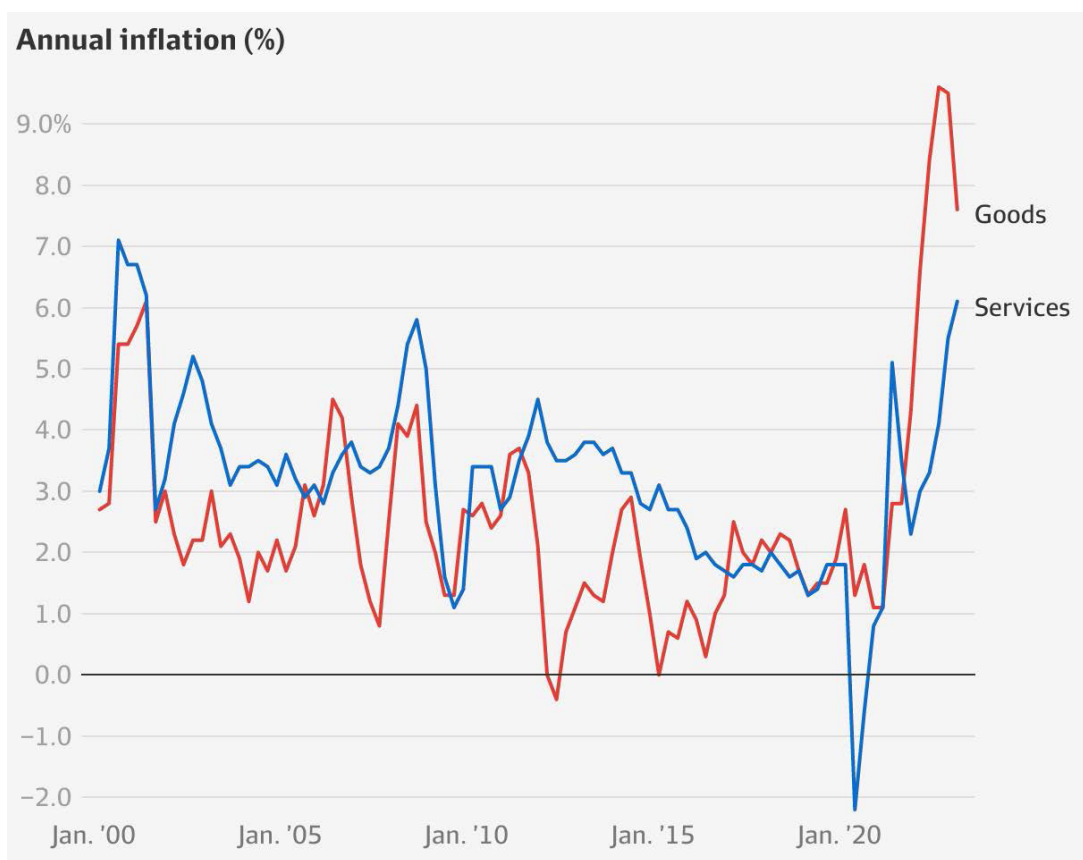


Chart: Michael Read - Source Australian Bureau of Statistics

However, while inflation has slowed in some parts of the CPI basket, price pressures remain elevated in other key components. This includes the cost of renting a home, which is the second-largest item in the CPI basket. An acute shortage of properties has pushed rents 4.9 per cent higher over the year – the fastest pace of rent inflation in more than a decade.

Outside of Sydney and Melbourne, rents have surged by 6.5 per cent over the past year, with further increases expected thanks in part to a strong increase in overseas migration.

Services price inflation hit 6.1 per cent, which was its fastest rate in two decades, driven by higher prices for restaurant meals, holiday travel and medical services.

Education prices, which includes school and university fees, posted their largest rise in five years, increasing by 5.4 per cent over the past 12 months.

Gas prices have increased by 26 per cent over the past year, which the ABS said was the highest annual rate on record.

Electricity prices have increased by 16 per cent since last March, with further price rises expected in June, with default contract prices to jump by 20 to 30 per cent, adding 0.25 of a percentage point to inflation in the financial year starting on July 1.

The RBA's February economic forecasts show the central bank expects headline inflation to slow to 4.8 per cent by the end of the year, and to 3 per cent by mid-2025, as the fastest tightening cycle in a generation forces the economy to cool.

This quarter, private equity origination activity was the lowest it has been for over 10 years. Five deals were announced or completed over the period. These deals were in the financial services, education and agribusiness sectors.

VPESO's Investment Team has noted an uptick in secondary opportunities in Australia and New Zealand, with the team performing due diligence on a number of active positions. The secondaries private equity market continues to grow, as investors seek a liquidity outlet for a traditionally illiquid asset class. The ongoing economic uncertainty, both locally and abroad, continues to spur LP's to seek liquidity options for their holdings. Vantage anticipates this trend to continue, and as a result, expects VPESO to continue to build-out its portfolio as additional opportunities arise that fit the investment mandate at attractive pricing levels.

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