

INTRODUCTION

Dear Investors and readers, welcome to the September 2024 edition of the Vantage Newsletter.

The past six months has seen an extremely active period of investment and exit activity, and improving returns across Vantage's flagship private equity funds. Across the period, six companies were sold from Vantage's flagship funds, **generating a gross 3.0x Multiple on Invested Capital (MoIC), delivering an average gross annualised return of 25.3% p.a.** In addition, during the same period, seven new company investments were added to Vantage's underlying portfolio. The lower to mid-market segment remains the most active component of M&A and Private Equity across Australia and New Zealand, a trend we expect to see continue as Central Bank interest rates appear to have peaked and the macroeconomic environment continues to stabilise.







From a capital deployment perspective, Vantage's underlying private equity managers have reported a robust pipeline of potential new investments and expect the number of businesses seeking private equity capital and investment to increase over the next 12 months. A large source of this emerging deal flow is through corporate carve-outs, as global corporates divest from their noncore offerings. This enables Vantage's underlying private equity managers to make new investments and acquisitions at attractive entry multiples.

With the backdrop of a buoyant investment environment, Vantage's currently open fund Vantage Private Equity Growth 6 (VPEG6) recently commenced its Investment Program, with capital commitments of \$10 million to Allegro Fund IV Side Car 2 and AUD\$18 million (NZD\$20 million) to Waterman Fund 5. This follows VPEG6 completing its First Close during July 2024, with \$30 million in capital commitments from investors. VPEG6 remains open for investment, with monthly closes, with further details provided on the following pages.

SIX COMPANIES RECENTLY SOLD FROM VANTAGE FUNDS

Vantage's earlier vintage funds have recently seen a continuation in the number of portfolio company exits as each company achieves or exceeds its growth objectives. Across the past six months, the sale of six portfolio companies were announced or completed from each of the VPEG2, VPEG3 and VPEG4 funds, generating a **gross 3.0x MoIC, delivering an average gross annualised return of 25.3% p.a.** As a result, further distributions will be paid to investors in these funds, following the receipt of proceeds from these exits, during the December quarter. An overview of each of the companies sold recently, is provided opposite.

ANNOUNCED & COMPLETED EXITS

FUND	PORTFOLIO COMPANY	DESCRIPTION
VPEG2 investee, Waterman Capital Fund 3		Waterman Capital completed the sale of the courier business of PBT Group to NZ Post, New Zealand's number one, state owned postal service.
VPEG2 investee, Mercury Capital Fund 2		Mercury Capital completed the sale of International Volunteer HQ (IVHQ), to Castlerock an investment management company headquartered in New Zealand.
VPEG2 investee, Next Capital Fund III		The Next Capital team completed the sale of Noisette to George Weston Foods, one of Australia and New Zealand's major food manufacturers.
VPEG2 investee, Allegro Fund II		Allegro Funds completed the sale of Everest Ice Cream, a leading manufacturer and distributor of premium ice cream, gelato, and frozen desserts, to a private consortium group.
VPEG4 investee, Riverside Australia Fund III		Riverside Australia completed the sale of VPEG4's first portfolio company exit, selling Energy Exemplar to global private equity firms Blackstone and Vista Equity Partners for \$1.6 billion.
VPEG3 investee, Advent Partners 2 Fund		Advent Partners announced the sale of portfolio company Compass Education to private equity firm EQT for a media-reported sale price of approximately \$700 million.

VANTAGE'S UNDERLYING PRIVATE EQUITY MANAGERS WIN INVESTMENT AWARDS

Following the recent sale of portfolio companies, Vantage's underlying fund managers Riverside Australia and Allegro Funds were recently recognised and awarded, as deal of the year winners in their respective categories by two industry associations;

- During September 2024, VPEG2 investee, Allegro Fund II won the Small Company Turnaround of the Year award, from the Turnaround Management Association (TMA) for its investment in Everest Ice Cream.
- Also during September, VPEG4 investee, Riverside Australia Fund III won the Large Cap Investment of the Year award from the Australian Investment Council (AIC) for its investment in Energy Exemplar.

These awards demonstrate Vantage's continued ability to identify, select and invest across a diversified set of Private Equity funds managed by the top tier performing Private Equity fund managers in Australia & New Zealand.

SEVEN NEW INVESTMENTS ADDED TO VANTAGE FUNDS VPEG4 & VPEG5

The lower to mid-market segment continues to be the most active area for M&A investment activity in Australia and New Zealand. Vantage's managers who all operate within this segment consistently close transactions more rapidly than their counterparts in the larger buyout segment. This is primarily due to the relative agility of lower to mid-market private equity firms who often have streamlined investment processes, while maintaining a strict and disciplined investment approach. Vantage's managers can act with high conviction on opportunities, leveraging their deep industry & sector expertise and strong relationships with business founders. Additionally, the size of these deals tends to attract less competition from larger funds or global trade players, allowing for more bilateral, efficient negotiation processes and faster execution timelines. During the past six months, across Vantage's VPEG4 & VPEG5 funds, seven new underlying investments were completed and added to each fund. These new investments are provided opposite.

VPEG6 CONDUCTS FIRST CLOSE, COMMENCES INVESTMENT PROGRAM & REMAINS OPEN FOR INVESTMENT

On 17th July 2024, VPEG6 completed its First Close, with \$30 million in capital commitments from investors. As a result, the Investment Program for VPEG6 commenced, with AUD\$28 million of capital commitments being made across two private equity funds. These investments included; a \$10 million commitment to Allegro Fund IV Side Car 2 and an AUD\$18 million (NZD\$20 million) commitment to Waterman Fund 5. These early private equity fund commitments will establish VPEG6's initial investment portfolio and places VPEG6 into a robust position for creating value, with the first investments expected to be added to the portfolio across the next three to six months.


VPEG6 follows the same successful investment strategy as Vantage's previous flagship funds that, as at 30 June 2024, have invested in 34 underlying funds who in turn have invested in 189 companies of which 99 have been sold. Those 99 exits have generated a **2.9x money multiple equating to an average gross annualised return of 47.3% p.a.** The Vantage investment team continues to conduct due diligence on a number of private equity managers who are currently undertaking raises, with the aim of investing into Vantage's target investment segment.

It is anticipated that Vantage will make VPEG6's third capital commitment during the December 2024 quarter, as the Vantage investment team finalises confirmatory due diligence on a manager that meets the investment criteria, mandate and parameters of VPEG6. The Vantage team look forward to sharing further information upon confirmation of this third private equity fund capital commitment once completed.

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

Alternatively, an application to invest 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>

NEW INVESTMENT ACTIVITY		
FUND	PORTFOLIO COMPANY	DESCRIPTION
VPEG5 investee, Mercury Capital Fund twenty2		JMC Academy is Australia's leading creative industries education provider, offering services in music, film & TV, and game design.
VPEG4 investee, Adamantem Capital II		QANTM IP is Australia's second largest provider of patent and trademark filing, renewal and protection legal services.
VPEG4 investee, Potentia Capital Fund II		Global leader in delivering software and data analytics solutions to the film industry, based in New Zealand.
VPEG4 investee, Potentia Capital Fund II		Human resources software platform, delivering payroll, attendance, and expense services.
VPEG5 investee, Next Capital Fund V		Leading post-secondary education provider leveraging the Australian Institute of Management (AIM) brand for management and leadership training.
VPEG5 investee, Riverside Australia Fund IV		Virtual IT Group is National IT managed service provider to businesses across various industry sectors.
VPEG4 & VPEG5 investee, Anchorage Capital Partners Fund IV		New Zealand-based provider of business-critical equipment and finance business units.

VANTAGE WELCOMES FOUR NEW MEMBERS TO THE FIRM'S GROWING TEAM

As a result of increasing investor demand and the continued strong performance of Vantage's Funds, Vantage has welcomed four additional members to its team. **Jonathan Kelly** was appointed as a Non-Executive Director and Investment Committee member, bringing over 20 years of Australian private equity experience. Additionally, two new members have joined the Vantage investment team: **Oliver Hedley-Whyte** as Investment Director, and **David Abraham** as Investment Analyst. Oliver and David bring a wealth of direct M&A experience and local-market knowledge to the growing Vantage investment team, which is now amongst the largest of all of Australia's limited partners (LPs). From an investor perspective, **Alicia Cook** has joined as Investor Relations Manager and provides exceptional client services to Vantage's ever-growing investor base.



JONATHAN KELLY
NON-EXECUTIVE
DIRECTOR, INVESTMENT
COMMITTEE MEMBER



OLIVER HEDLEY-WHYTE
INVESTMENT DIRECTOR



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The Information Memorandum will be available to qualified investors upon request and will contain, among other things, a description of the risks associated with the investment. Investors should have the financial ability and willingness to accept the risk characteristics of the investment.

Prospective investors must rely on their own examination of the legal, taxation, financial, and other consequences of investing in a Vantage Managed Fund, including the merits of investing and the risks involved. Investors should not treat the content of this communication and the Information Memorandum as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers.



Image: Riverside Australia Large Cap Investment of the Year award by the Australian Investment Council (AIC).



Image: Allegro Funds Small Company Turnaround of the Year award for 2024 from the Turnaround Management Association (TMA).