

**VPEG2A GROWS IN VALUE BY 55.3% ACROSS FY21 & HAS NOW DELIVERED A NET RETURN AFTER ALL FEES OF 20.9% P.A. SINCE INCEPTION**

**VPEG3 GROWS IN VALUE BY 56.9% ACROSS FY21 & HAS NOW DELIVERED A NET RETURN AFTER ALL FEES OF 23.0% P.A. SINCE INCEPTION**

**COMPLETED & ANNOUNCED EXITS DURING THE SEPTEMBER 2021 QUARTER DELIVER VANTAGE FUNDS AN AVERAGE GROSS 4.2 X RETURN ON INVESTED CAPITAL**

**VPEG4 REMAINS OPEN FOR INVESTMENT UNTIL THE FUNDS FINAL CLOSE ON 30 SEPTEMBER 2021**

## VANTAGE FUNDS DELIVER STRONG RETURNS ACROSS FY21

Vantage managed Funds delivered a strong return to investors across the financial year ended 30 June 2021 (FY21) as a result of the continued growth in value of companies across the portfolios and a number of company exits from each Fund. The growth in each fund's value was attributable to the improvement in financial performance of a majority of underlying companies across each portfolio, as well as the partial or full sale / listing of 9 companies from the portfolios, across the year.

This growth in portfolio value, combined with the realisation (sale) of six companies from the portfolio, contributed to deliver Vantage Private Equity Growth 2 (VPEG2) investors a strong return across FY21, with **VPEG2A and VPEG2B each increasing in value by 55.3% and 57.0% respectively across the year**. As a result, **VPEG2A and VPEG2B have now delivered a net of fees return to investors of 20.9% p.a. and 13.9% p.a. respectively**, since final close in May 2015.

Vantage Private Equity Growth 3 (VPEG3) also increased in value across FY21 with the sale of three companies from its portfolio contributing to its strong investor returns. As a result, **VPEG3 delivered a total investor return of 56.9% across the 2021 financial year** and has now delivered a **net of fees return of 23.0% p.a.** since its final close in January 2019.

Vantage expects the performance of these funds to continue to improve as companies within each portfolio mature, achieve their growth targets and are ultimately sold, resulting in further, consistent distributions and enhanced returns to investors.

## VPEG2 & VPEG3 SUMMARY PERFORMANCE AT 30 JUNE 2021

| Vantage Fund | Vintage | Cash | Fixed Interest | Private Equity (Value) | Paid Capital (per \$ of Committed Capital) | NAV (per \$ of Committed Capital) | Cumulative Distributions paid | Total Value + Distributed | Annualised Return Since Inception* |
|--------------|---------|------|----------------|------------------------|--|-----------------------------------|-------------------------------|---------------------------|------------------------------------|
| <b>VPEG3</b> | 2017    | 6.5% | 1.3%           | 92.2%                  | 0.87                                       | 1.248                             | 0.030                         | 1.278                     | 23.0%                              |
| <b>VPEG2</b> | 2014    | 1.4% | 0.2%           | 98.5%                  | 1.00                                       | 1.498                             | 0.539                         | 2.037                     | 20.9%                              |

\* Annualised returns are net of all fees, delivered by each fund, since the final close of each fund, to 30 June 2021

## RECENTLY COMPLETED & ANNOUNCED EXITS

On 26 July 2021, VPEG3 investee Allegro Fund III portfolio Company **Best & Less Group (ASX:BST)** successfully listed on the ASX after experiencing significant institutional and retail investor demand, raising \$60 million at \$2.16 per share, representing a Market Capitalisation of \$271 million. The IPO was more than 2.4x oversubscribed by institutional and retail investors. The IPO followed a strategic \$40 million equity investment from BB Retail Capital (BBRC), a private investment firm founded and chaired by experienced retail entrepreneur Brett Blundy.



Since acquiring the business in December 2019, Allegro repositioned BST from being a discount retailer to a value apparel, specialty retailer, with a 245-physical store network in Australia and New Zealand and an online platform across its two brands. Across Allegro's ownership to date, EBITDA at BST has grown by almost 3 times from \$24.5m in FY19 to \$71.6m in FY21, with revenues of \$663.2m in FY21

Allegro Fund III sold ~31% of the Fund's share holding in the IPO with the remaining ~43% of Allegro's shares held in escrow until release of the Company's H1 FY23 financial results. The partial exit of the Best & Less Group delivered Allegro Fund III investors, including VPEG3, with an exceptionally strong investment return across a 1.5 year investment period, with the partially realised proceeds expected to be received by VPEG3 and distributed to all VPEG3 investors during September 2021.

Also during July 2021, VPEG2 investee Mercury Capital Fund 2 announced the 100% trade sale of **Hexagon** for a media reported value of \$NZ410 million (\$381 million) to global supplier of premium label solutions company Multi-Color Corporation (MCC Label).



Across Mercury Capital Fund 2's investment, management successfully rolled-up a number of companies in the highly fragmented label printing industry in New Zealand and Australia, into one holding company, comprising of eight highly profitable businesses including Kiwi Labels, Rapid Labels, Hally Labels and Adhesif Labels. Mercury transformed the business's earnings from an approximately NZ\$1m a year, to a forecast NZ\$50m for the FY22 period (31 March 2022 financial year end). Hexagon today has over eight production facilities across New Zealand and Australia employing over 500 staff. This exit will deliver VPEG2 with a strong investment return, with the proceeds to be distributed to all VPEG2 investors once the sale is completed during the December 2021 quarter.

The performance of **SILK Laser Clinics Australia (ASX:SLA)**, a VPEG3 portfolio company in the Advent Partners 2 Fund, continues to improve following its December 2020 IPO and ASX listing at \$3.45 per share.



Following the release of SILK's FY21 Results, Advent were entitled to sell 6,640,306 shares as part of SILK's escrow arrangements. In a trading update released on 25 August 2021, management reported that FY21 revenue grew by 82% to \$58.9 million (\$32.3 million FY20) and pro forma EBITDA increased by 180% to \$17.3 million, as a result of an increase in customer volumes and an increase in average customer spend through injectables and other body categories across the financial year.

The better than market anticipated financial results increased SILK's share price by 14.0% to \$3.90 per share. As a result, Advent sold all 6,640,306 shares in a block trade at \$3.70 per share representing a \$25.9 million sell down. Advent Partners 2 now hold 6,640,305 remaining shares in SILK that can be sold following the release of the H1 FY2022 results in February 2022. VPEG3's share of the sell down proceeds, once received will be distributed to all VPEG3 investors during September 2021, further increasing VPEG3 investors returns from the exit of this portfolio company.

In September 2021, VPEG2 investee Allegro Fund II announced the 100% sale of New Zealand's largest flooring, softs and curtains retailer, **The Interiors Group** to New Zealand Based Pencarrow Private Equity.



Following Allegro Fund II's acquisition of Carpet Court, New Zealand's largest national flooring brand in 2015, management completed the bolt-on acquisition in 2018 of the Curtain Studio, a leading national window furnishings retailer. These businesses were combined and renamed The Interiors Group (TIG). Growth was delivered to TIG through Allegro's focus on building the businesses platform, investing in the team, enhancing the physical store assets and repurposing the business's technology platform. Today TIG is the largest interiors company in New Zealand with 97 showrooms across the nation. The sale of The Interiors Group, once completed, will deliver another robust return and distribution to VPEG2 investors during the December 2021 quarter.

**Once completed, these three exits and the further share sell down of the previously listed portfolio company, detailed above, will deliver Vantage's Funds an average gross 4.2 X return on invested capital from these investments.**

#### VPEG4 FINAL CLOSE 30 SEPTEMBER 2021

VPEG4 continues the same successful investment strategy implemented by Vantage's previous funds, which at 30 June 2021 had investments across 26 Australian Private Equity Funds, who in turn had invested in 140 companies across a broad range of industry sectors and had exited (sold) 64 of these investments generating a gross 2.7x multiple of invested capital delivering an average gross Internal Rate of Return of 33.0% p.a.

To date, VPEG4 has committed \$60 million across four underlying Private Equity funds which includes \$20 million to each of Advent Partners 2, CPE Capital 9 and \$10 million to each of Riverside Australia Fund III and Adamantem Capital Fund II. An additional \$25 million commitment will be completed in November 2021, following Investment Committee approval in August 2021, to the forth fund of a top quartile performing Australian mid-market turnaround manager. This will increase VPEG4's total investment commitments to \$85 million to five underlying Private Equity funds with six underlying company investments completed to date. VPEG4 will make a further two investment commitments by early 2022, to complete its private equity allocation and commitments.

Applications to invest in VPEG4 will remain open until the Fund's final close at 5:00pm, Thursday 30 September 2021.

If you wish to invest or learn more about VPEG4 as a potential investment opportunity, please contact your financial advisor or alternatively email [info@vantageasset.com](mailto:info@vantageasset.com) to request a virtual meeting with a Vantage executive for more information.

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