

QUARTERLY REPORT

VANTAGE PRIVATE EQUITY GROWTH 5

QUARTERLY INVESTOR REPORT
30 SEPTEMBER 2022

DIVERSIFY
GROW
OUTPERFORM



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IMPORTANT INFORMATION

This report has been prepared by Vantage Private Equity Management Partnership, LP, an authorised representative of Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 ('VAM') (in its capacity as Investment Manager of Vantage Private Equity Growth 5, LP). 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. All \$ referred to in this report are Australian dollars.

SUMMARY

Vantage Private Equity Growth 5 ('VPEG5') is a multi-manager Private Equity investment fund consisting of Vantage Private Equity Growth 5, LP (VPEG5, LP) an Australian Fund of Funds (AFOF) Limited Partnership and Vantage Private Equity Growth Trust 5A (VPEG5A) an Australian Unit Trust.

VPEG5, LP is unconditionally registered with the Australian Government Department of Industry, Innovation and Science as a complying investment for the Significant Investor Visa (SIV), focused on investing in the lowest risk sector, of the Venture Capital or Private Equity (VCPE) segment, Growth Private Equity.

VPEG5A has been established to undertake private equity investments that are not permitted to be made by an AFOF, in accordance with Australian regulations. As such only VPEG5 Investors that are not SIV investors, are unit holders in VPEG5A. VPEG5A also qualifies as a Managed Investment Trust (MIT) for Australian Tax purposes.

VPEG5 is focused on investing in professionally managed Private Equity funds that invest in businesses that are at a more mature stage of development, and in particular the Later Expansion and Buyout stages of Private Equity investment.

The Fund's investment objective for its Investment Portfolio is to achieve attractive medium term returns from its Private Equity investments while keeping the volatility of the overall investment portfolio low. This will be achieved by investing across a highly diversified portfolio of Private Equity assets, particularly profitable companies with proven products and services, with diversification obtained by allocating across fund manager, financing stage, industry sector, geographic region and Vintage Year.

VPEG5 has invested the majority of its Investment Portfolio into Australian based Private Equity funds who in turn are focused on investing into lower to mid-market sized companies headquartered in Australia and New Zealand, with enterprise values between \$25m and \$250m at investment. VPEG5's diversified portfolio focuses on investments into profitable companies in growth industry sectors including the Health Care, Consumer, Industrials, Information Technology and Agricultural Products sectors.

To date VPEG5 has made investment commitments totalling \$118 million across six primary private equity funds and three co-investments. As a result, seven unique underlying investments exist within VPEG5's portfolio. VPEG5's investment commitments include \$20 million to each of Anchorage Capital Partners Fund IV, Allegro Fund IV, Advent Partners 3 Fund, CPE Capital 9, Riverside Australia Fund IV and \$15 million to Mercury Capital Fund twenty2. VPEG5's co-investments include \$1 million into each of Gull New Zealand, EventsAir and Compare Club.

SPECIAL POINTS OF INTEREST

VPEG5 makes a \$20 million investment commitment to Riverside Australia Fund IV, a mid-market expansion and buyout focused fund.

VPEG5 makes a \$1 million co-investment alongside Next Capital into Compare Club, one of Australia's leading personal finance marketplaces, currently offering comparison and brokerage services across health and life insurance, as well as home loan products

Anchorage Capital Partners Fund IV announces the acquisition of Evolve Education Group's New Zealand business Evolve NZ, New Zealand's second largest early childhood education business consisting of a national portfolio of ~105 centres

As at 30 September 2022, VPEG5 has \$118 million of investment commitments across six primary private equity funds and three co-investments. As a result, seven unique underlying portfolio companies exist within VPEG5's underlying portfolio.

PERFORMANCE

As at 30 September 2022, VPEG5 had called 15% of investors Committed Capital (Capital Calls No.1 & 2) to fund the required calls from underlying private equity funds for the Fund's share of seven unique completed investments to date.

Given the majority of underlying investments have been held in the portfolio for less than twelve months, a number of these are held at cost.

Drawdowns during the quarter from VPEG5 totalled \$2,492,534. This included payments to Allegro Fund IV to fund VPEG5's share of the investment in Gull NZ, as well as the co-investment of \$1 million. In addition to this, payment was made to Mercury Capital Fund twenty2 covering the upfront call amount, as well as a payment to Next Capital to fund VPEG5's co-investment into Compare Club.

No capital was called from VPEG5 investors during the September 2022 quarter. As a result, at 30 September 2022 VPEG5, LP and VPEG5A had called 10% & 5% respectively of investors Committed Capital to VPEG5 (15% on a consolidated basis) to fund the required calls from underlying Private Equity funds for VPEG5's share of the seven unique company investments completed and added to VPEG5's portfolio.

PORTFOLIO DEVELOPMENTS

During the September 2022 quarter, VPEG5 continued its private equity investment program receiving investment committee approval to make a \$20 million investment commitment to Riverside Australia Fund IV, as well as a \$1 million co-investment into Compare Club alongside Next Capital.

As a result, VPEG5 had made \$118 million of investment commitments across six primary private equity funds and three co-investments.

VPEG5's underlying portfolio comprised of seven unique company investments that have been either announced or completed at quarter end. This included the new co-investment by VPEG5 into Compare Club, 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 brokerage services. In addition to this, Anchorage Capital Partners Fund IV announced the acquisition of 100% of Evolve Education Group's New Zealand business, "Evolve NZ". Evolve NZ is New Zealand's second largest Early Childhood Education business consisting of a national portfolio of ~105 centres.

VPEG5's managers' continue to report that there are several interesting potential investment opportunities that meet their investment criteria that, subject to extensive due diligence, could be completed during the next three to six months.

OVERVIEW OF NEW INVESTMENT COMMITMENT

RIVERSIDE AUSTRALIA FUND IV

During the September 2022 quarter, VPEG5 completed a \$20m investment commitment to Riverside Australia Fund IV. This commitment is VPEG5's sixth commitment into a primary private equity fund.



Riverside Australia Fund IV ("RAF IV" and/or "the Fund") managed by Riverside Partners, LLC of Melbourne, is seeking commitments to a total of \$450 million for investment to the small to mid-market companies that are primarily organised, have their principal operations, maintain their headquarters, have a majority of their assets, or generate a majority of their revenues in Australia and New Zealand and which generally have up to A\$25 million of EBITDA.

Since establishing its presence in Australia in 2009, RAF has focused on finding and investing in privately held companies with a consistent history of profitability and experiencing an ownership succession or transition, where RAF can acquire a control or highly influential minority position. RAF seeks to target businesses that have the potential ability to become strong platforms, including management, infrastructure and board oversight. The RAF team seeks to transform these companies through the acceleration of organic growth and add-on acquisitions to appeal to a global universe of buyers. In addition, Riverside's global platform allows the RAF team access to deep industry knowledge, network and significant operating resources, providing its portfolio companies with insights and knowledge ultimately assisting to accelerate their growth plans.

OVERVIEW OF NEW CO-INVESTMENT

COMPARE CLUB / NEXT CAPITAL FUND IV

During September 2022, the Investment Committee of VPEG5 approved a \$1 million co-investment alongside Next Capital Fund IV (a VPEG3 investee) into Compare Club, one of Australia's leading personal finance marketplaces, currently offering comparison and brokerage services across health insurance, life insurance and home loan products.



Originally created in 2017 via the merger of ChooseWell (health insurance sales brokerage business) and Alternative Media (a specialist digital lead generation business), CC has engaged over 3.7 million members over time across its key verticals of health insurance. The business is uniquely positioned in the comparison site marketplace through its data-driven digital marketing and lead generation, and full-service end-to-end conversion and sales capability.

Next Capital are partnering with a high quality management team to organically grow earnings across the business' three key verticals, explore new channel and product offerings and increase marketing capabilities.

OVERVIEW OF NEW UNDERLYING INVESTMENTS

EVOLVE NZ – ANCHORAGE CAPITAL PARTNERS FUND IV

During September 2022, Anchorage Capital Partners announced the acquisition of Evolve Education Group's New Zealand business, "Evolve NZ"



Evolve NZ is New Zealand's second largest Early Childhood Education business consisting of a national portfolio of ~105 centres. The New Zealand Early Childhood Education Sector is an essential service and benefits from strong and growing government support as well as increased workforce participation, rising household income and population growth.

Over the past two and a half years, Evolve's performance has been challenged as a result of being directly impacted by Government-mandated closures in response to COVID-19 and closed boarders, leading to teacher shortages and a significant impact to overall centre occupancy.

Anchorage have identified several key growth drivers that provide a clear path to earnings uplift for Evolve, leveraging Anchorage's previous experience in the childcare sector through successfully growing and ultimately selling Affinity Education Group from Anchorage Capital Fund II

PORTFOLIO STRUCTURE

VPEG5'S PORTFOLIO STRUCTURE

The tables and charts below provide information on the breakdown of VPEG5's investments as at 30 September 2022.

CURRENT INVESTMENT PORTFOLIO ALLOCATION

The following table provides the percentage split of each of the VPEG5's 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 VPEG5's Private Equity portfolio.

VPEG5 Portfolio Structure			
Cash	Fixed Interest Investments	Private Equity	
4.4%	26.7%	Later Expansion	12.4%
		Buyout	56.5%

PORTFOLIO STRUCTURE

PRIVATE EQUITY PORTFOLIO

Private Equity Fund Name	Fund / Deal Size	Vintage Year	Investment Focus	VPEG5 Commitment	Total No. of Investee Companies
CPE Capital 9	\$780m	2020	Mid Market Buyout	\$20.0m	3
Advent Partners 3 Fund	*\$500m	2021	Lower to Mid Market Expansion / Buyout	\$20.0m	1
Allegro Fund IV	\$750m	2021	Mid Market Turn-around	\$20.0m	1
Anchorage Capital Partners Fund IV	*\$500m	2022	Mid Market Expansion / Buyout	\$20.0m	-
Riverside Australia Fund IV	\$450m	2022	Lower to Mid Market Expansion & Buyout	\$20.0m	-
Mercury Capital Fund twenty2	\$1.0bn	2022	Mid Market Expansion / Buyout	\$15.0m	-
Co-investment No.1 Gull New Zealand	~\$500m	2022	Mid Market Special Situations	\$1.0m	1
Co-investment No.2 EventsAir	~\$100m	2022	Lower to Mid Market Expansion / Buyout	\$1.0m	1
Co-investment No. 3 Compare Club	\$110m	2022	Later Stage Buyout	\$1.0m	1
* Target Fund size		** Excluding Duplicates, completed deals as at 30 September 2022 only		Total	\$118.0m
					7**

INDUSTRY SPREAD OF VPEG5'S PORTFOLIO

Following the completion of VPEG5's co-investment into Compare Club, the funds' exposure to the "Financials" industry sector was established at 5.5%. As a result of Allegro Fund IV's investment into Gull New Zealand as well as VPEG5's co-investment to this investment, VPEG5's exposure to the "Energy" industry sector, represented VPEG5's largest industry sector exposure, totalling 33.3% of the Funds' total private equity portfolio at September quarter end.

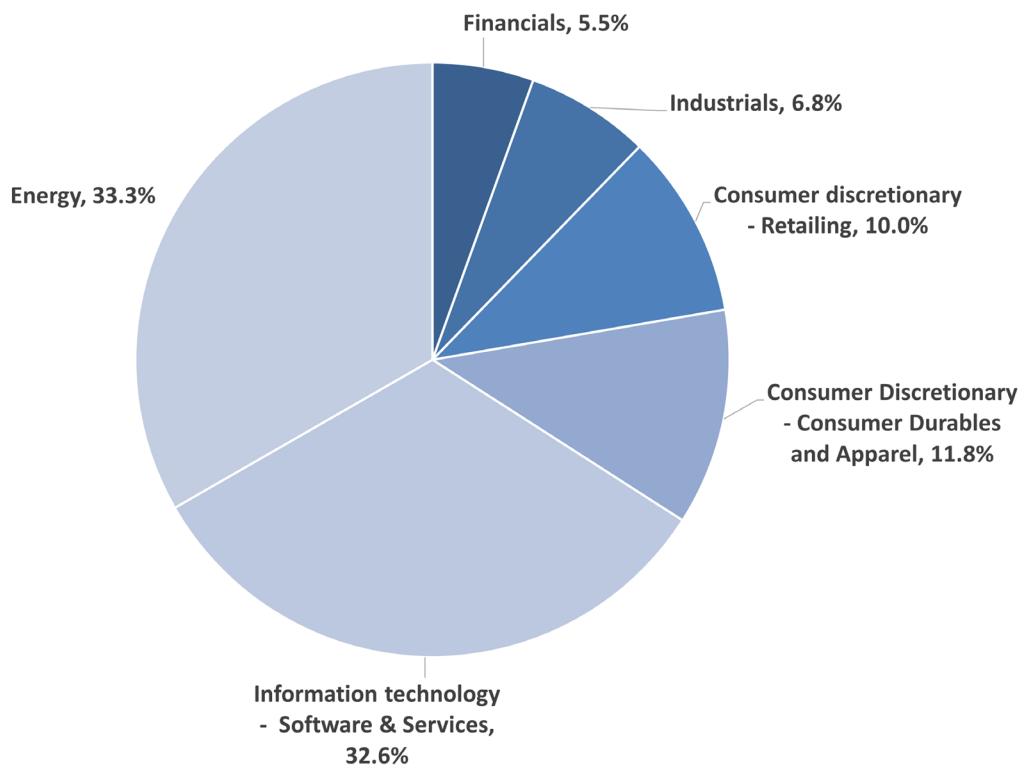


Figure: Industry Spread of VPEG5's Underlying Portfolio

ECONOMIC & MARKET CONDITIONS

Similar to conditions being experienced in most developed markets, the economic environment in Australia and New Zealand continues to be uncertain, with supply chain disruption, relatively high inflation, rising interest rates and a tight labour market persisting.

In response to these economic conditions, the RBA has continued to increase interest rates which are currently at 2.5% and expected to be at ~3.1% by the end of CY2022. Inflation continues to rise and is expected to peak at just over 7% in late 2022. Housing prices have fallen and are expected to fall by 15% by year end. However, the Australian economy continues to grow (4.1% expected 2022 growth), with low unemployment persisting (3.5% in August 2022). Unemployment seems likely to remain low but could rise slightly in 2023 once borders have been open for longer and normal migration has resumed, easing some of the current pressure on wages. Consumer spending has been strong over the last quarter, but sentiment indicators suggest this is starting to dampen as a result of higher interest rates and sustained inflationary pressures.

In the listed markets, FY22 earnings were broadly in line with consensus, however forward earnings guidance had a skew towards downgrades. Trading in the September quarter was subdued in most sectors because of continuing disruption across many industries. Increasingly, market commentary is predicting an economic slowdown in the United States, and we are conscious that this could also occur in Australia and New Zealand.

M&A activity in YTD 2022 has been strong albeit lower than levels seen in 2021, with \$130 billion worth of deals being announced in Australia and New Zealand so far. In private equity, 32 buyout deals were announced in Australia in 2022 and the cadence of deal activity to September was robust, though activity is starting to slow in the large buyout end of the market. There has been a noticeable uptick of activity across the September 2022 quarter, with a number of high quality opportunities within the lower to mid market segment presented to VPEG5's managers. As such, managers' are starting to enter into later stage negotiations on a number of transactions, which once completed, will be added to VPEG5's portfolio across the remainder of the 2022 and into 2023.

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