VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES FUND

QUARTERLY INVESTOR REPORT
30 JUNE 2024

CONTENTS

EXECUTIVE SUMMARY

Welcome to the Vantage Private Equity Secondaries Opportunities (VPESO) Fund quarterly investor report for the quarter ending 30 June 2024.

The June 2024 quarter presented a number of key milestones in the operations of the Fund. VPESO's portfolio continued to grow as managers made significant progress in executing their investment strategies, which has led to a steady increase in earnings growth across recent quarters. As portfolio companies have achieved their objectives, their respective private equity managers have reassessed their value, resulting in a material increase in the Fund's portfolio valuation. VPESO's portfolio value growth over the quarter was net 12.84%, significantly outperforming traditional asset classes over the period. Due to continued strong performance as a result of the profitable secondary acquisitions made, successful underlying company exits completed, as well as the consistent growth in underlying earnings, this has resulted in the increase in the Fund's overall portfolio value with VPESO's Last Twelve Month net growth of 24.86% at 30 June 2024.

The material growth in portfolio value underscores VPESO's investment strategy in targeting LP-secondary opportunities in Australia and New Zealand, the most profitable segment of private equity globally, at attractive entry valuations. This ability to acquire secondary targets at a discount to prevailing fund net asset values, as well as gaining exposure to co-investments alongside the country's top-quartile performing private equity managers, has delivered robust returns for VPESO's investors since inception.

PORTFOLIO HIGHLIGHTS

During the quarter, Growth Fund III completed the partial sale of Fitness Passport to private equity firm EQT Partners. The exit marked a significant liquidity event as a result of the media reported $750 million sale. In addition, five underlying funds engaged advisors to seek potential buyers to exit five portfolio companies that account for ~24% of VPESO's total portfolio value at period end. As a result, Vantage anticipates a further rise in the number of exits from VPESO's portfolio over the coming three to six months.

Turning to new secondary acquisitions, Vantage continued to build VPESO's portfolio with an additional $2.7 million of secondary acquisitions completed during the quarter. These transactions consisted of acquiring additional interests in three existing secondary private equity fund holdings. During the quarter, two new platform investments were added to VPESO's portfolio, increasing the number of unique company investments to 107. In addition, four bolt-on company acquisitions were completed and integrated into the operations of existing portfolio companies.

VPESO FUND ACTIVITY

During the quarter, **distributions** totalling **$4,444,466** were received from **Advent Partners 2 Fund, Growth Fund III, VPEG3, LP** and **VPEG4, LP**. The majority of the distributions received across the period were due to Growth Fund III's partial sale of portfolio company Fitness Passport. With these realised proceeds being received by the Fund during the period, VPESO conducted an **interim distribution** to Unitholders equating to **$0.125 per Unit**, which was paid in cash, or in additional Units to investors who elected Distribution Re-investment, on 16th May 2024. Upon the payment of this distribution, VPESO's cumulative distributions paid to all investors increased to **$0.212 per Unit.**

Drawdowns during the period totalling **$1,727,724** were paid to acquire secondary positions in **Genesis Capital Fund I**, **VPEG3, LP** and **VPEG4, LP**. As a result, VPESO had paid a total of **$37,413,750** to acquire secondary positions, make co-investment commitments and fund the capital calls of seven secondary private equity acquisitions and three co-investments, totalling $47.84 million in capital commitments and investments.

With a significant proportion of VPESO's underlying portfolio in harvest mode, underlying managers have focussed on growing the earnings of each portfolio company, ultimately improving their value over consecutive periods. Due to the positive momentum in operating performances across the portfolio, VPESO's **NAV increased 12.84%** across the quarter to **$1.325 per Unit** as at 30 June 2024, generating a **net annualised return of 16.29% p.a.** since the Fund's inception.

EXECUTIVE SUMMARY

VPEG6 CONDUCTS FIRST CLOSE & COMMENCES INVESTMENT PROGRAM

On 17th July 2024, Vantage Private Equity Growth 6 (VPEG6) conducted its First Close, raising a total of $30 million in capital commitments from investors. As a result of achieving this milestone, the Investment Program for VPEG6 has commenced, resulting in AUD$28 million of capital commitments being made across two primary fund commitments. 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 LP. These early commitments place VPEG6 into a good position to commence building and growing its investment portfolio across the next 6 to 12 months.

VPEG6 will remain open for investment until either its 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.

An application can also be made by completing VPEG6's Online Application form by copying the following link into your web browser;
https://apply.automic.com.au/VPEG6

VANTAGE TEAM ADDITIONS

Vantage's team continues to grow as a result of increasing investor demand and commitments to Vantage managed funds. During the quarter, Jonathan Kelly was appointed as a Non-Executive Director and Investment Committee Member of Vantage's Flagship private equity and secondary programs, bringing over 20 years of Australian mid-market private equity experience. His deep industry knowledge and strategic insights will undoubtedly assist to enhance Vantage's investment decisions as well as to contribute to the consistency of returns to Vantage fund investors. Additionally, the team welcomed David Abraham as an Investment Analyst from CDPQ's Infrastructure investment team and Alicia Cook as Investor Relations Manager from Ophir Asset Management, both bringing essential skills to strengthen Vantage's operations and investment processes.

PERFORMANCE

PERFORMANCE

	$ REPORTED IN AUD
QUARTER ENDING	**30 JUNE 2024**
INCEPTION DATE	27 JULY 2021
STRATEGY	SECONDARY PRIVATE EQUITY & CO-INVESTMENT
NO. OF UNITS ISSUED	35,321,766
NET ASSET VALUE (NAV) $ PER UNIT	$1.325
NET RETURN - 1 MONTH	25.43%
NET RETURN - 3 MONTHS	12.84%
NET RETURN - 6 MONTHS	14.90%
NET RETURN - 1 YEAR	24.86%
NET RETURN - 2 YEARS	28.19%
ABSOLUTE NET RETURN	53.70%
NET ANNUALISED RETURN	**16.29%**

PORTFOLIO	
TOTAL SECONDARY AND CO-INVESTMENT COMMITMENTS ACQUIRED	$47.84 MILLION
NO. OF SECONDARY FUND COMMITMENTS ACQUIRED	7
NO. OF CO-INVESTMENTS	3
NO. OF PORTFOLIO COMPANIES[1.]	107
NO. OF EXITS	13
NO. OF REMAINING PORTFOLIO COMPANIES	94

1. No. of portfolio companies only considers unique number of portfolio companies and excludes duplicates.

SECONDARY PRIVATE EQUITY PORTFOLIO

SECONDARY PRIVATE EQUITY PORTFOLIO

VPESO PRIVATE EQUITY PORTFOLIO

PRIVATE EQUITY FUND NAME	FUND / DEAL SIZE ($M)	YEAR	INVESTMENT FOCUS	ACQUIRED COMMITMENT ($M)	CAPITAL DRAWN ($M)	PORTFOLIO COMPANIES	EXITS
ADVENT PARTNERS 2 FUND	$300	2017	EXPANSION / BUYOUT	$10.00	$9.04	7	1
ANCHORAGE CAPITAL PARTNERS FUND III	$360	2017	TURNAROUND	$5.00	$4.94	5	2
VANTAGE PRIVATE EQUITY GROWTH 3	$68	2019	FUND OF FUNDS - GROWTH / BUYOUT / TURNAROUND	$9.70	$7.36	50	10
GENESIS CAPITAL FUND I	$190	2020	EXPANSION / BUYOUT	$1.30	$0.99	8	0
THE GROWTH FUND III	$450	2017	EXPANSION / BUYOUT	$6.00	$5.38	12	2
VANTAGE PRIVATE EQUITY GROWTH 4	$179	2021	FUND OF FUNDS - GROWTH / BUYOUT / TURNAROUND	$2.50	$1.06	36	1
CO-INVEST NO. 1 (GULL NEW ZEALAND)	NZ$495	2022	BUYOUT	$2.00	$2.00	1	0
CO-INVEST NO. 2 (COMPARE CLUB)	$160	2022	GROWTH CAPITAL	$2.50	$2.50	1	0
CO-INVEST NO. 3 (PAC TRADING)	$66	2023	GROWTH CAPITAL	$1.00	$1.02	1	0
			TOTAL	**$40.00**	**$34.28**	**107**	**13**

Note: Excludes small holdings acquired for less than $50k each of VPEG2B and Catalyst Buyout Fund 2. Also excludes duplicates.

SECONDARY PRIVATE EQUITY PORTFOLIO

TOP 10 HOLDINGS ACROSS THE PORTFOLIO

	PORTFOLIO COMPANY	FUND	DESCRIPTION	% SHARE	CUMULATIVE
1	COMPARE CLUB	CO-INVEST NO.2	PERSONAL FINANCE MARKETPLACE	10.6%	10.6%
2	COMPASS EDUCATION	ADVENT PARTNERS 2 FUND	STUDENT INFORMATION SYSTEM SOFTWARE / SERVICES PROVIDER	10.2%	20.8%
3	GBST WEALTH MANAGEMENT	ANCHORAGE CAPITAL PARTNERS FUND III	FINANCIAL SERVICES TECHNOLOGY PROVIDER TO THE GLOBAL WEALTH MARKET	10.1%	30.9%
4	MEDTECH	ADVENT PARTNERS 2 FUND	PROVIDER OF PRACTICE MANAGEMENT SOFTWARE	8.3%	39.2%
5	SOUTH PACIFIC LAUNDRIES	ANCHORAGE CAPITAL PARTNERS FUND III	LEADING NATIONAL LAUNDRY OPERATOR	5.4%	44.6%
6	IMAGING ASSOCIATES GROUP	ADVENT PARTNERS 2 FUND	DIAGNOSTIC IMAGING SERVICE PROVIDER	5.3%	49.9%
7	GULL NEW ZEALAND	CO-INVEST NO.1	NEW ZEALAND PETROLEUM DISTRIBUTION COMPANY AND PETROL STATION CHAIN	4.5%	54.4%
8	ASKIN PANELS	GROWTH FUND III	MANUFACTUCTURER AND INSTALLER OF INSULATED PANELS	4.2%	58.6%
9	FLINTFOX	ADVENT PARTNERS 2 FUND	DEVELOPER OF TRADE REVENUE MANAGEMENT SOFTWARE	3.8%	62.3%
10	ZERO LATENCY	ADVENT PARTNERS 2 FUND	VIRTUAL REALITY GAMING ATTRACTION	3.3%	65.7%

SECONDARY PRIVATE EQUITY PORTFOLIO

INDUSTRY DIVERSIFICATION OF PORTFOLIO

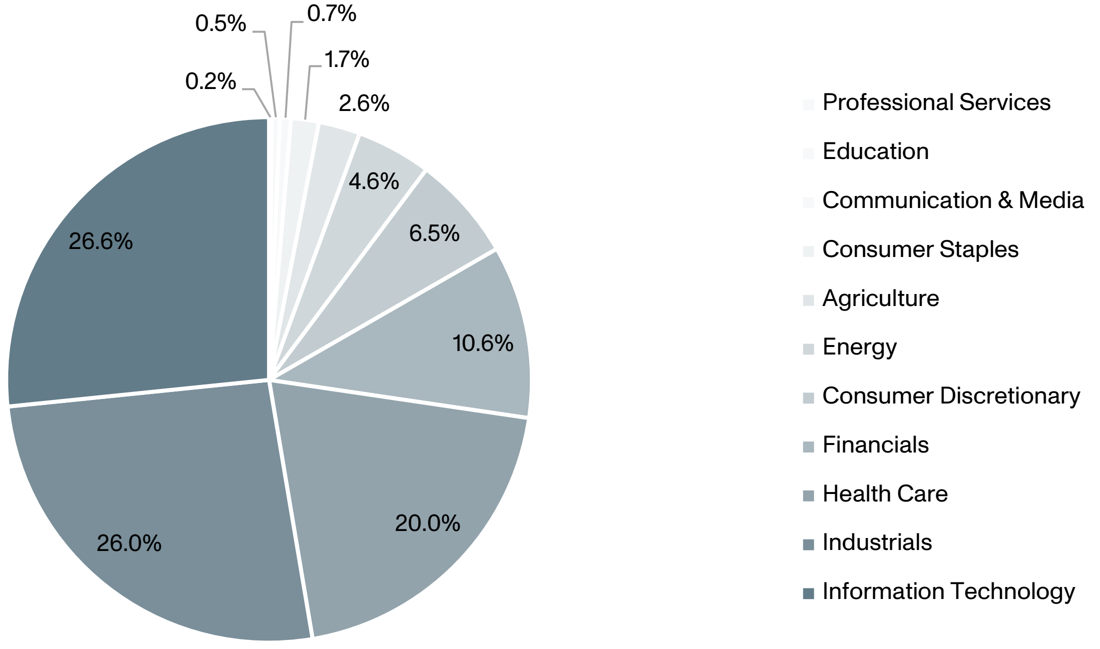


Image: Industry diversification of VPESO's portfolio at period end 30 June 2024. Key is in ascending order.

PORTFOLIO ACTIVITY

PORTFOLIO ACTIVITY

Private equity activity continued to build momentum throughout the June 2024 quarter. As business operating environments became more stable and a positive outlook for future economic conditions emerged, VPESO's portfolio experienced material growth in portfolio value as portfolio companies demonstrated robust profitability and persistent earnings growth over consecutive periods.

The majority of VPESO's underlying portfolio companies experienced positive revaluations across the period. Of note, **VPESO's Co-invest No.2 Compare Club** delivered record performance driven by the Health and Life insurance verticals as management execute on their active value creation initiatives throughout the period.

Additionally, **VPESO Co-invest No.1 Gull New Zealand** continued to perform ahead of budget driven by strong operational execution in line with management's investment thesis and other favourable external factors.

VPESO's holding in **Advent Partners 2 Fund** experienced an uplift in valuation driven by **Compass Education**, **Medtech and Imaging Associates Group**. Additionally, **Anchorage Capital Partners III**, reported an increase in valuation as result of portfolio companies **South Pacific Laundry, GBST Wealth Management** and **Evolve.**

During the quarter, two new underlying investments were added to the portfolio. An overview of the new investments added to VPESO's portfolio follows:

QANTM IP – ADAMANTEM CAPITAL II

During May 2024, Adamantem Capital II entered into a binding scheme implementation deed to acquire all the issued shares of ASX-listed company QANTM IP (ASX:QIO).

QANTM IP is Australia's second largest provider of patent and trademark filing, renewal and protection legal services, servicing local and offshore clients seeking to protect their IP in Australia. The Company has over 370 employees across Australia, New Zealand, Singapore, Malaysia and Hong Kong.

The IP services industry in Australia is a mature market where QANTM IP is the clear No.2 player with a strong relative competitive position. QANTM IP has ~5,000 clients, with patents generating a multi-year revenue stream as they move through the application process.

The transaction is expected to be completed in the September 2024 quarter, after final court approval under a Scheme of Agreement.

VISTA GROUP – POTENTIA FUND II

Additionally, during May 2024, Potentia Fund II acquired a 19% stake in ASX listed software company Vista Group (ASX:VGL). Vista Group is the global leader in delivering software and data analytics solutions to the film industry. Based in New Zealand, Vista maintains a global footprint, bringing together a group of brands that provide an innovative range of complementary technology solutions to the industry.

Vista Group's origin stems from Vista Cinema, the largest brand in the Group. Vista began in 1996 when founder Murray Holdaway was asked by a global cinema company to produce ticketing software to enhance the cinema experience. The result was a ground-breaking technology that continues to focus and expand across Vista Group's brands today.

With the operating environment becoming more stable and a look through to future favourable economic conditions emerging, VPESO's underlying managers continued to execute on their investment strategies, targeting a number of bolt-on acquisitions in order to further expand the operations of underlying portfolio companies.

During the period a number of **Genesis Capital Fund I** portfolio companies completed further M&A activity. **Sana Health Group** made a material bolt-on acquisition of **South Pacific Private Hospital**. The acquisition allows the group to move into the attractive mental health hospital adjacency and enable further roll-out opportunities of this premium brand. Additionally, **Southern Cross Support Services (SCSS)** acquired **Programmed Health Professionals (PHP)** from Persol. The acquisition facilitates a step-change in scale for SCSS, shifting from a niche regional leader in QLD to a national and well-diversified player.

PORTFOLIO ACTIVITY

VPESO's Co-invest No.3 PAC Trading completed a significant bolt-on during the period. The strategic acquisition allows PAC Trading to enhance its market position, achieve operational synergies, and expand its product offerings. By completing the bolt-on, PAC Trading can benefit from cost savings and improved efficiencies, ultimately contributing to value accretion for the company.

In addition, **VPEG3 investee Allegro Fund III** portfolio company **Questas** completed a bolt-on investment of Ezy-Fit Hydraulics, an Adelaide-based hydraulics manufacturer. The acquisition further increases Questas' growing customer base spread across the heavy industrial, manufacturing and resources industries.

VPESO expects that the number of underlying portfolio exits will increase over the next three to six months as private equity managers engage sell-side advisors. A number of portfolio companies have engaged with bankers to seek out an exit event, including;

- **Anchorage Capital Partners Fund III** portfolio company **GBST Wealth Management**, a market-leader in registry and end-to-end solutions for fund and pension administration, has engaged Jefferies.
- **VPEG3 investee Adamantem Capital Fund I** portfolio company **Hellers**, a New Zealand-based leading producer of processed meats and manufacturer of poultry products, has engaged Luminis Partners.
- **VPEG3 investee Next Capital Fund IV** portfolio company **Eptec Group** has engaged MA Moelis to find bidders for the specialist engineering group that maintains "critical infrastructure".
- **Growth Fund III** portfolio company **Quantum Radiology**, Australia's leading diagnostic and interventional medical imaging provider has engaged Allier Capital to canvas interest from potential buyers.

As at 30 June 2024, VPESO's portfolio of funds had ultimately invested in 107 unique underlying portfolio companies, with 13 companies sold as at 30 June 2024.

OVERVIEW OF ANNOUNCED EXIT POST-QUARTER END

Compass Education –
Advent Partners 2 Fund

Following the end of the quarter, on 20 August 2024, Advent announced the sale of **VPEG3 investee Advent Partners 2 Fund (AP2)** portfolio company **Compass Education** to funds managed by Swedish Private Equity firm, EQT for a media reported sale price of ~$700m. The sale of Compass, once completed, will deliver AP2 investors, including VPESO, with a strong top-quartile return.

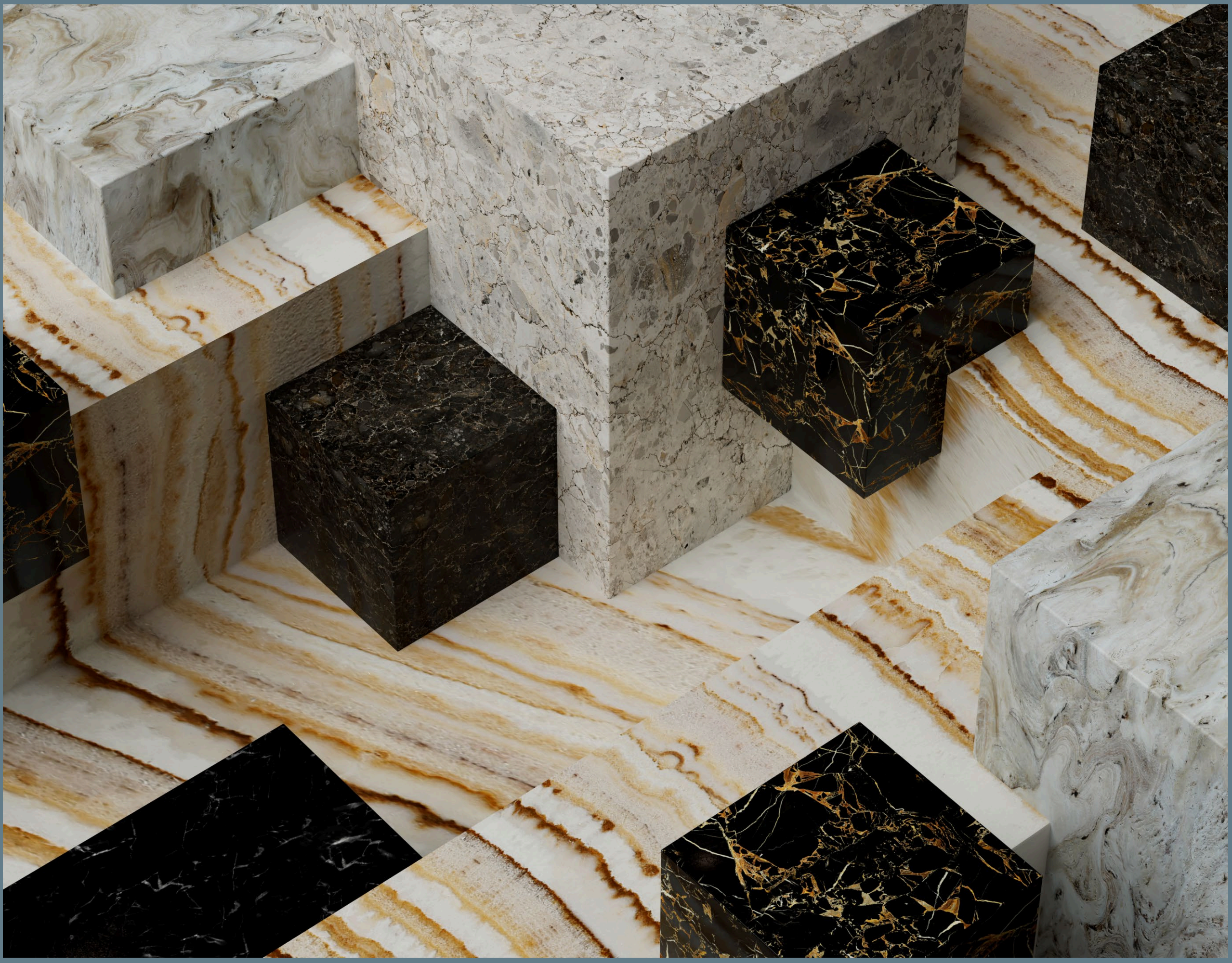
The Compass global sale process was intensely competitive, with multiple bidders engaged. Under the terms of the transaction, Advent will receive its entire sale consideration in cash, providing a clean exit from this investment, while the Compass founders will roll a portion of their proceeds into the new Compass entity. Completion of the sale is subject to approval from the Foreign Investment Review Board and other change of control consents.

AP2 invested in Compass in August 2018 with an investment thesis to establish a global leader in student information system software for K-12 schools. The Advent deal team & Compass management successfully executed this thesis to transform Compass into the world's leading SaaS School Management System with a global presence, deep functionality and exceptional SaaS metrics. To support Compass' rapid growth during Advent's tenure, the senior management team was expanded to include a CFO, CRO, CTO and CPO.

Value creation at Compass was achieved through strong revenue growth, expansion into new domestic and international markets, continued expansion of the product suite, a growing presence in the independent school market segment, and the successful execution of three strategic bolt-on acquisitions.

Following completion of the sale, the net sale proceeds are expected to be distributed to AP2 investors, including VPESO, during October/November 2024. Subsequent to receiving its share of the sale proceeds, VPESO will distribute the entire amount to VPESO investors.

MARKET INSIGHTS



MARKET INSIGHTS

Global secondary transaction volume increased to $68 billion in the first half of 2024, marking a substantial 58% increase from $43 billion during the same period in 2023. This record level of volume was fuelled by several key factors:

i. Unprecedented amounts of dedicated capital raised in the large secondary segment in 2023, which continued to be deployed throughout H1 2024;
ii. A broader array of secondary capital sources, including non-traditional and retail investors; and
iii. The emergence of favourable public market conditions that pushed secondary pricing to new highs.

Global LP volume reached $40 billion, representing 59% of the total transaction volume. LPs engaged in the secondary market to meet liquidity needs and to rebalance their private asset portfolios.

Pension Funds have been the natural drivers of secondary volume given their scale and larger commitments. However, recently a diverse range of investors are now utilising the secondary market, as they become more prone to using the secondary market as a portfolio management tool. These investors are facing similar portfolio dynamics, whether it be liquidity constraints, overallocation, or rebalancing efforts.

In addition to pursuing wind-down sales, fund-of-funds are also engaging in more opportunistic sales to generate liquidity for their underlying investors. Family offices and high-net-worth sellers now make up a significant portion of first-time sellers in the market. This trend is advantageous for VPESO, as there are numerous opportunities in the pipeline that align with the characteristics of these seller types, who constitute a larger segment of the LP base in VPESO's target secondary focus.

Over the calendar year to date, $127 million NAV of potential secondary positions in Australia have been considered by Vantage for VPESO, $85 million of these positions over the June 2024 quarter.

VPESO continues to see this increased deal flow from the secondary market as many LPs are look to generate liquidity. It is anticipated that a number of secondary opportunities will be completed over the coming six months, as a result of this deal flow.

The Australian M&A environment over the June 2024 quarter saw fund managers exercise caution in deploying new capital unless new investments demonstrated a clear focus on strategic alignment and a long-term value creation strategy. Australian M&A deal volume dropped 9% in 1H24 from 1H23, but deal value rose 1% in that same period to reach AUD$52.85bn. One of the key factors restraining M&A activity is the current macroeconomic climate, characterised by an array of unpredictable factors including interest rates, persistent inflation, and a general lack of business confidence.

There has been a notable shift towards strategic investments as fund managers adopt more risk-averse strategies. Today, fund managers are prioritising investments that promise clear strategic benefits, aligning closely with long-term objectives rather than short-term gains. This shift in the market highlights a preference for quality over quantity, with each investment needing to justify its associated risks and costs.

In response to continuing economic pressure on consumer demand, persistent inflation, and tight labour conditions, fund managers are focused on assisting portfolio companies with margin enhancement through productivity initiatives, targeted cost-reduction programmes, and growth initiatives aimed at driving market share growth.

Despite the challenging M&A environment, the lower to mid-market segment continues to offer significant value. These businesses are more attractive than their larger counterparts due to attractive entry valuations, various avenues for exit and modest amounts of leverage employed.

MARKET INSIGHTS

PRIVATE EQUITY ACTIVITY

During the June 2024 quarter, twelve acquisitions were announced or completed across various sectors, such as healthcare, education, software, and business support services. Eight exits were also announced or completed during this period. Vantage's Flagship program portfolio witnessed five acquisitions in the quarter across the education, energy, information technology, and professional services sectors.

Record levels of dry powder and a backlog of portfolio companies ready for sale suggest that deal activity will inevitably improve over the next twelve months. Key takeaways from Vantage's discussion with General Partners (GPs) include a favourable environment for negotiating buyer-friendly terms and a growing emphasis on operational improvements to drive value creation.

The lower to mid-market segment of private equity has continued to demonstrate its resilience. Over the last quarter, four investments were exited across Vantage's portfolio through either secondary sales or trade sales. This is in stark contrast to the large-cap segment of private equity, which relies heavily on the IPO market to exit investments.

Another attractive feature of mid-market private equity is that investments do not rely on leverage to generate returns and employ minimal to modest leverage in their investments.

Instead, a greater emphasis is placed on value creation strategies, which has resulted in resilient valuations in the face of rising interest rates.

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