

QUARTERLY REPORT

VANTAGE PRIVATE EQUITY GROWTH 5

QUARTERLY INVESTOR REPORT
31 MARCH 2023

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.

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 totaling \$158 million across eight primary private equity funds and three co-investments. As a result, thirteen 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, Next Capital Fund V and \$15 million to Mercury Capital Fund twenty2. VPEG5's co-investments include \$1 million to each of Gull New Zealand, EventsAir and CompareClub.

SPECIAL POINTS OF INTEREST

Anchorage Capital Partners Fund IV completes the investment in Access Community Health, New Zealand's largest in home care provider

Mercury Capital Fund Twenty2 completes the investment in Matrix Education, a private education business that provides out-of-school tutoring classes to more than 7,000 students per year

Next Capital Fund V announces the investment in Alloggio Group Limited, Australia's largest operator of short-term rental accommodation

As at 31 March 2023, VPEG5 has \$158 million of investment commitments across eight primary private equity funds and three co-investments. As a result, thirteen unique underlying portfolio companies exist within VPEG5's underlying portfolio

PERFORMANCE

As at 31 March 2023, VPEG5 had called 20% of investors Committed Capital (Capital Calls No.1, 2 and 3) to fund the required calls from underlying private equity funds for the Fund's share of thirteen investments to date.

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

Drawdowns during the quarter from VPEG5 totalling \$3,779,741 were paid to Mercury Capital Fund Twenty2 for VPEG5's share of the investment in Matrix Education and Advent Partners 3 for the repayment of that funds financing facility used to acquire previously announced portfolio company investment Integrated Technology Solutions (ICT). In addition, capital was also drawn by Anchorage Capital Partners Fund IV for the management fees and working capital requirements of that fund.

As at 31 March 2023, VPEG5, LP and VPEG5A had called 15% and 5% respectively of investors committed capital to VPEG5 (20% on a consolidated basis) to fund VPEG5's share of the thirteen unique company investments.

The current uncertainty in the economy and its effect on the public markets is expected to have a positive impact on VPEG5's private equity portfolio as the fund matures. Public markets continue to be a less supportive source of capital for businesses due to concerns of a slowing economic environment and a narrowing of margins where the full cost impacts of inflation have not been able to be passed on to customers. This does however increase the ability of VPEG5's managers to execute strategic and cost-effective acquisitions into profitable businesses as vendors seek to source alternate avenues of capital. This has presented an array of attractive opportunities that meet the investment criteria of VPEG5's underlying managers, which subject to extensive due diligence and negotiations on the terms of the transaction, could be completed and added to VPEG5's portfolio in the next three to six months.

PORTFOLIO DEVELOPMENTS

Across the March 2023 quarter, three new underlying company investments were either announced or completed, further building out VPEG5's portfolio.

These new underlying company investments included;

- Access Community Health (Anchorage Capital Partners Fund IV), New Zealand's largest in-home care provider.
- Matrix Education (Mercury Capital Fund Twenty2), a private education business that provides out-of-school tutoring classes to more than 7,000 students per year; and
- Alloggio Group Limited (Next Capital Fund V), Australia's largest operator of short-term rental accommodation.

As a result, VPEG5's portfolio comprised of 13 unique company investments that have been either announced or completed at quarter end.

VPEG5's underlying managers' report that there is a promising deal pipeline, which comprises numerous investment opportunities that meet their investment criteria. These opportunities, subject to extensive due diligence and negotiations on terms, have the potential to be completed and added to VPEG5's portfolio within the next three to six months.

OVERVIEW OF NEW UNDERLYING INVESTMENTS

ACCESS COMMUNITY HEALTH – ANCHORAGE CAPITAL PARTNERS FUND IV

During February 2023, Anchorage Capital Fund IV announced the investment in Access Community Health (“ACH”), New Zealand’s second largest in-home care provider. ACH is based in Wellington, New Zealand and provides in-home personal care and domestic assistance to a range of elderly, injured and disabled clients, as well as in-home nursing services.



Care is provided by a workforce of over 3,200 providing services to over 33,000 clients in New Zealand. ACH has strong funder relationships and contracts with all the major Government funders in New Zealand.

The investment represents Anchorage’s third investment in Fund IV, following investments in Evolve Education and David Jones.

MATRIX EDUCATION – MERCURY CAPITAL FUND TWENTY2

During February 2023, Mercury Capital Fund Twenty2 completed the investment in Matrix Education, a private education business that provides out-of-school tutoring classes to school aged students across Sydney, Australia.



Founded in 1999, Matrix is a private education business that provides out-of-school tutoring classes to more than 7,000 students per year both in-person, with five campuses located across Sydney, as well as online via an online learning platform. Matrix’s core offering is term-by-term enrolments in classes of 10-15 students, in which students are taught content aligned to the academic curriculum a term ahead of when they would typically cover it at school.

In partnership with Mercury Capital, Matrix is expected to enter a new period of growth involving new campuses, geographic expansion, establishment of tutoring programs for primary school students, and enhanced online offerings.

ALLOGGIO GROUP LIMITED (ASX: ALO) – NEXT CAPITAL V (ANNOUNCED)

During March 2023, Next Capital V announced the investment in Alloggio Group Limited (ASX: ALO), a specialist property manager focused on short term accommodation from one night to three months, for holiday makers, international travellers, corporate guests, government and private sector contractors.



Alloggio was established in December 2015 to revolutionise the short-term rental accommodation industry in Australia. It has since expanded internationally and became publicly listed in November 2021.

Alloggio specialises in turning properties into valuable accommodation through its three business verticals by providing end-to-end services for the management, distribution and operation of all types of short-term rental accommodation, including holiday homes, hotels, motels, tourist parks and much more.

Alloggio Group Limited (ASX:ALO or Alloggio) on 27 March 2023, announced that it had entered into a Scheme Implementation Deed (SID) with Next Capital Pty Limited (Next Capital or the Bidder) pursuant to which Next Capital would acquire 100% of ALO shares (the Proposal). The Proposal is to be implemented by way of a company scheme of arrangement (the Scheme). The transaction is expected to be completed during the September 2023 quarter.

SLATER & GORDON (ASX : SGH) – ALLEGRO FUND IV (ANNOUNCED)

Post the completion of the March 2023 quarter, Allegro Fund IV announced the acquisition of Slater & Gordon (ASX : SGH), a leading consumer law firm in Australia. SGH's mission is to give people easier access to world class legal services. The firm provides specialist legal and complementary services in a broad range of areas.



Established in Melbourne in 1935, Slater & Gordon is a trusted consumer law firm founded on the principles of equitable social justice. Slater & Gordon has a proud history in delivering compensation outcomes for clients through its accessible specialist services, including class actions, commercial litigation, superannuation and insurance, and personal injury.

Allegro Fund IV's bid at \$0.55 per share was deemed successful on 17th April 2023, with the business being successfully delisted on the 24th April 2023. This is considered to be a good investment for private equity to partner with and support Slater & Gordon's management team in pursuit of growth initiatives, which leverage's Allegro's strong turnaround track record.

The law firm had been hit by a debt-for-equity swap in 2017 following a debt-funded acquisition of UK firm Quindell, which saw hedge funds own nearly 94% of the equity before Allegro's bid. However, Slater & Gordon has since posted a \$110 million net revenue, up 37%, and a \$16.7 million after-tax profit in the first half of FY23. It has also cut its net debt to EBITDA ratio from 3.2-times in the June 2022 half to 1.6-times at December 2022 end. These improvements, combined with the limited liquidity since the 2017 recap, make the acquisition an attractive turnaround opportunity for private equity and Allegro Funds investors including Vantage Private Equity Growth 5 (VPEG5).

PORTFOLIO STRUCTURE

VPEG5'S PORTFOLIO STRUCTURE

The tables and charts below provide information on the breakdown of VPEG5's investments as at 31 March 2023

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	
9.2%	15.0%	Later Expansion	56.7%
		Buyout	19.1%

PORTFOLIO STRUCTURE

PRIVATE EQUITY PORTFOLIO

The table below provides a summary of VPEG5's approved private equity portfolio and commitments as at 31 March 2023

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	4
Advent Partners 3 Fund	\$410m	2021	Growth Capital, Later Stage 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	3
Mercury Capital Fund twenty2	\$1.0bn	2022	Mid Market Expansion / Buyout	\$15.0m	1
Riverside Australia Fund IV	\$450m	2022	Growth Capital, Later Stage Expansion & Buyout	\$20.0m	-
Adamantem Capital Environmental Opportunities Fund	*350m	2022	Growth Capital, Later Stage Expansion & Buyout	\$20.0m	-
Next Capital Fund V	*350m	2022	Growth Capital, Later Stage Expansion & Buyout	\$20.0m	1
Co-investment No.1 Gull New Zealand	~\$500m	2022	Mid Market Special Situations	\$1.0m	1
Co-investment No.2 EventsAir	~\$100m	2022	Later Stage Expansion	\$1.0m	1
Co-investment No. 3 Compare Club	\$110m	2022	Later Stage Buyout	\$1.0m	1
Total				\$158.0m	13**

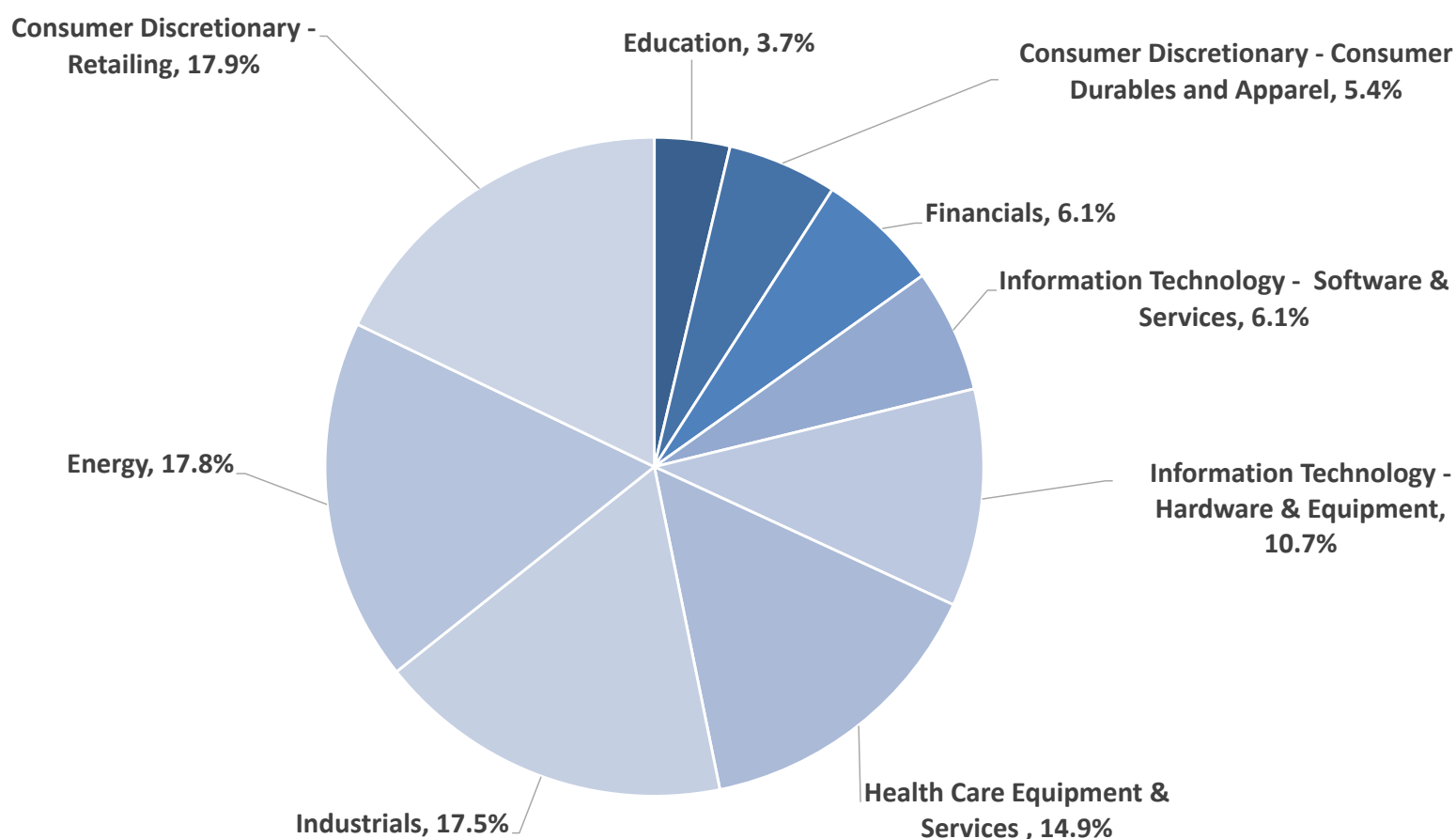
* Target Fund size

** Excluding Duplicates, includes both announced and completed deals as at 31 March 2023 only

INDUSTRY SPREAD OF VPEG5'S PORTFOLIO

Following the completion of Anchorage Capital Partners Fund IV's acquisition of Evolve Education Group NZ, VPEG5's exposure to the "Education" industry sector, commenced and now represents 3.7% at March 2023 quarter end.

In addition, as a result of the completion of Anchorage Capital Partners Fund IVs acquisition of David Jones, VPEG5's exposure to the "Consumer Discretionary – Retailing" industry sector, which also comprises of Direct Group, represents VPEG5's largest industry sector exposure, representing 17.9% at March quarter end.



* Includes either announced or completed portfolio company investments as at 31 March 2023.

ECONOMIC & MARKET 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.

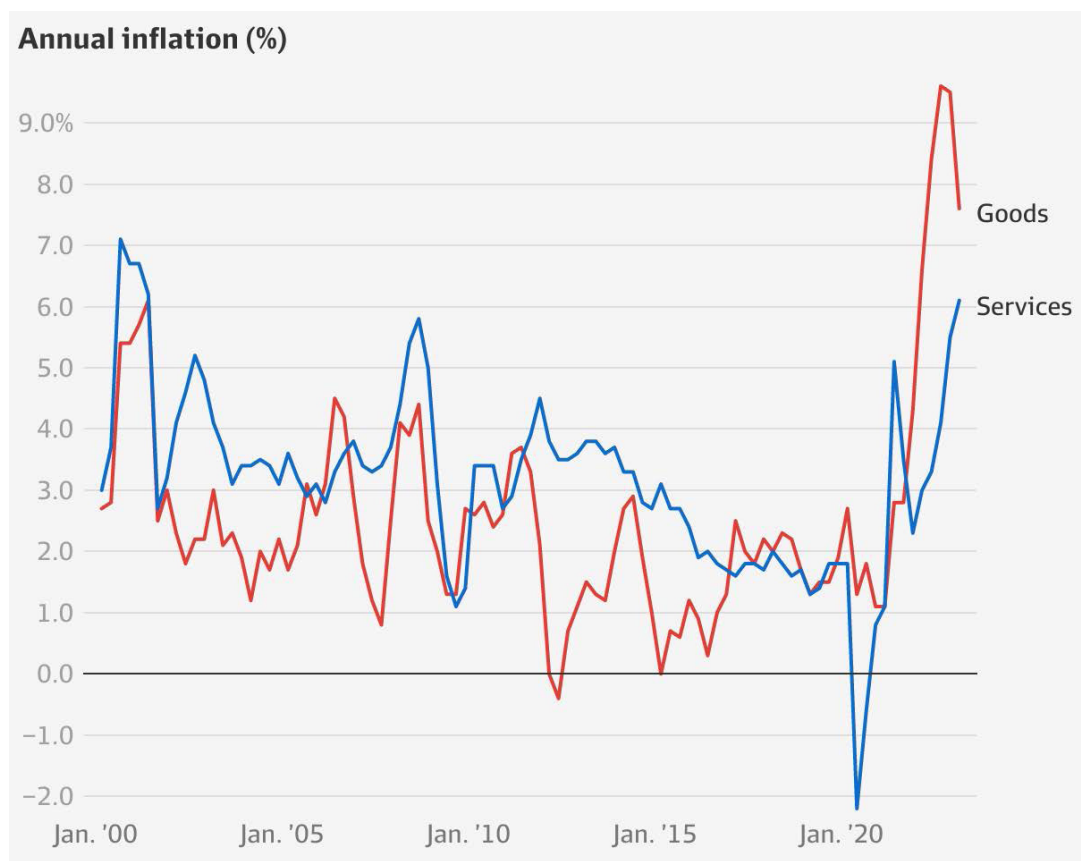


Chart: Michael Read - Source Australian Bureau of Statistics

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.

Vantage believes prices will soften over the medium term, which will represent attractive entry valuations for VPEG5's underlying managers. As such managers are starting to enter into the final negotiations on a number of transactions, which when completed will be added to VPEG5's portfolio across the calendar year.

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