



QUARTERLY REPORT

VANTAGE PRIVATE EQUITY GROWTH 5

QUARTERLY INVESTOR REPORT
31 DECEMBER 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.

As at 31 December 2023, VPEG5 has made investment commitments totalling \$169 million across eight primary private equity funds and four co-investments. As a result, 19 unique underlying investments exist within VPEG5's portfolio. VPEG5's investment commitments include; \$25 million to each of Anchorage Capital Partners Fund IV and Allegro Fund IV, \$20 million to each of 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, CompareClub and Pac Trading.

SPECIAL POINTS OF INTEREST

VPEG5 completes its Final Close with \$164 million in investor commitments from more than 600 investors from across Australia, New Zealand, Asia, Europe and the United States

Advent Partners 3 Fund completes an investment into RMS Cloud, a leading provider of cloud-based SaaS Property Management Software

Advent Partners 3 Fund also completes an investment into MySite a leading global provider of SaaS solutions for community and stakeholder engagement

As at 31 December 2023, VPEG5 has \$169 million of investment commitments across eight primary private equity funds and four co-investments. As a result, nineteen unique underlying portfolio companies exist within VPEG5's underlying portfolio

PERFORMANCE

On 17 December 2023, VPEG5 completed its Final Close with investor commitments totalling \$164 million from more than 600 investors. The breakdown of investors that comprise VPEG5 ranges from traditional High Net Worth Investors to Family Offices, Charitable Foundations and Endowments, with investors geographically spread across Australia, New Zealand, Asia, Europe and the United States. Furthermore, as a complying Venture Capital or Private Equity (VCPE) Investment under the Australian Significant Investor Visa (SIV) program, VPEG5's investor commitments also included a number of investors who were SIV Applicants.

VPEG5 has received strong support from both existing Vantage Fund investors, as well as significant interest from new investors. Vantage is pleased to welcome these new investors. The successful raise of VPEG5 is a validation of the firm's 20-year track record as a dedicated private equity fund of funds investor focussed on investing in the lower to middle market segment of Private Equity across Australia and New Zealand. Vantage's funds ultimately provide investors with a highly diversified Private Equity investment portfolio, managed by the top quartile performing Private Equity fund managers in the region. This is achieved by adhering to a disciplined manager selection program, with a focus on investing into profitable businesses with proven products and services that demonstrate growing earnings potential, with a target to ultimately deliver global top quartile returns to investors.

As at 31 December 2023, VPEG5 had called 39% of investors Committed Capital (Capital Calls No.1, 2, 3, 4 and 5) to fund the required calls from underlying private equity funds for the Fund's share of nineteen completed investments to date.

It is worth noting that a number of the companies in VPEG5's portfolio are well on their way to successfully implementing their investment strategies, resulting in consistent earnings growth over the past few quarters. As these businesses continue to meet their goals, their respective managers will re-evaluate their value, which will lead to increases in the valuation for VPEG5's portfolio over the next six to twelve months.

KEY PORTFOLIO DEVELOPMENTS

During the December 2023 quarter, there was an elevated level of M&A activity in the Australian Lower to Middle Market segment, which saw the completion of two new company investments being added to the portfolio at quarter end.

These new portfolio company investments were completed by Advent Partners 3 Fund and included;

- RMS Cloud, a leading provider of cloud-based SaaS Property Management Software (PMS) for the accommodation sector, including serviced apartments, campgrounds & parks, hotels, motels and other lodging forms.
- MySite, a leading global provider of SaaS solutions for community and stakeholder engagement, whose clients consist of governments, consultants and corporate organisations to effectively engage and manage stakeholders in Australia, North America and UK/Europe.

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

Drawdowns during the quarter from VPEG5 totalling \$12,590,810, were paid to Advent Partners 3 Fund, Allegro Fund IV and Anchorage Capital Partners Fund IV. The majority of the amount called was for investments made by Advent Partners 3 Fund in the acquisitions of RMS Cloud and MySite, as well as for the completion of Allegro Fund IV's investment into Scyne Advisory (announced July 2023). Additionally, capital was called from VPEG5 due to the repayment of the financing facility used by Allegro Fund IV to acquire portfolio company Gull New Zealand. The remainder of the capital called, was a result of VPEG5's share of management fees and working capital requirements incurred by underlying funds during the period.

As a result of these capital calls from underlying managers, VPEG5A and VPEG5, LP issued Capital Call Notices No.4 & No.5, representing 2% and 8% respectively, of total investors committed capital to VPEG5. As a result of these capital calls, VPEG5, LP and VPEG5A total called capital increased to 26% and 13% respectively of investors committed capital to VPEG5 (39% on a consolidated basis) to fund VPEG5's share of the nineteen unique company investments completed to date and added to VPEG5's portfolio.

VPEG5's managers have reported a promising deal pipeline, consisting of several investment opportunities that meet their investment criteria. These opportunities, subject to confirmatory due diligence findings 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 INVESTMENT

RMS CLOUD – ADVENT PARTNERS 3 FUND

In December 2023, Advent Partners 3 Fund completed an investment into RMS Cloud, a leading provider of cloud-based SaaS Property Management Software (PMS) for the accommodation sector, including serviced apartments, campgrounds & parks, hotels, motels and other lodging forms.



Founded in 1983, RMS offers an all-in-one PMS solution with a suite of features, including bookings, reservation management, marketing, channel management, housekeeping, back office and compliance reporting. Recently, RMS launched a payment processing service “RMS Pay” to monetise the AUD\$7 billion of gross transaction value from its existing customer base. RMS has c.160 staff and is headquartered in Melbourne, Australia.

Advent’s investment thesis is focused on;

1. Supporting the go-to-market in international markets
2. Accelerating the penetration of RMS pay in the existing customer base
3. Continuing to invest in the product to build the platform’s functionality advantage,
4. Building back-office capabilities
5. Retaining and attracting management talent to support growth and eventual exit.

MYSITE – ADVENT PARTNERS 3 FUND

Also during December 2023, Advent Partner 3 Fund completed an investment in MySite, a leading global provider of SaaS solutions for community and stakeholder engagement. Mysite’s products are used by governments, consultants, and corporate organisations in Australia, North America and UK/Europe, to effectively engage communities and manage stakeholders.



Established in 2003, MySite has expanded significantly via organic growth and acquisitions. It now operates internationally and offers two key products, Social Pinpoint, a Community Engagement (‘CE’) software solution and Consultation Manager, a Stakeholder Relationship Management (‘SRM’) software solution. The Business has ~75 staff and is headquartered in Brisbane, Australia.

Advent’s investment thesis will focus on five key areas

1. Accelerating growth in core markets,
2. Improving go-to-market strategy to allow efficient scaling,
3. Acquiring complimentary platforms to expand Mysite’s footprint and product portfolio,
4. Continuing to invest in the product, and
5. Retaining and attracting management talent and augmenting systems to enable the business to scale.

PORTFOLIO STRUCTURE

VPEG5'S PORTFOLIO STRUCTURE

The tables and charts below provide information on the breakdown of VPEG5's investments as at 31 December 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	
0.4%	26.5%	Later Expansion	26.9%
		Buyout	46.4%

PORTFOLIO STRUCTURE

PRIVATE EQUITY PORTFOLIO

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

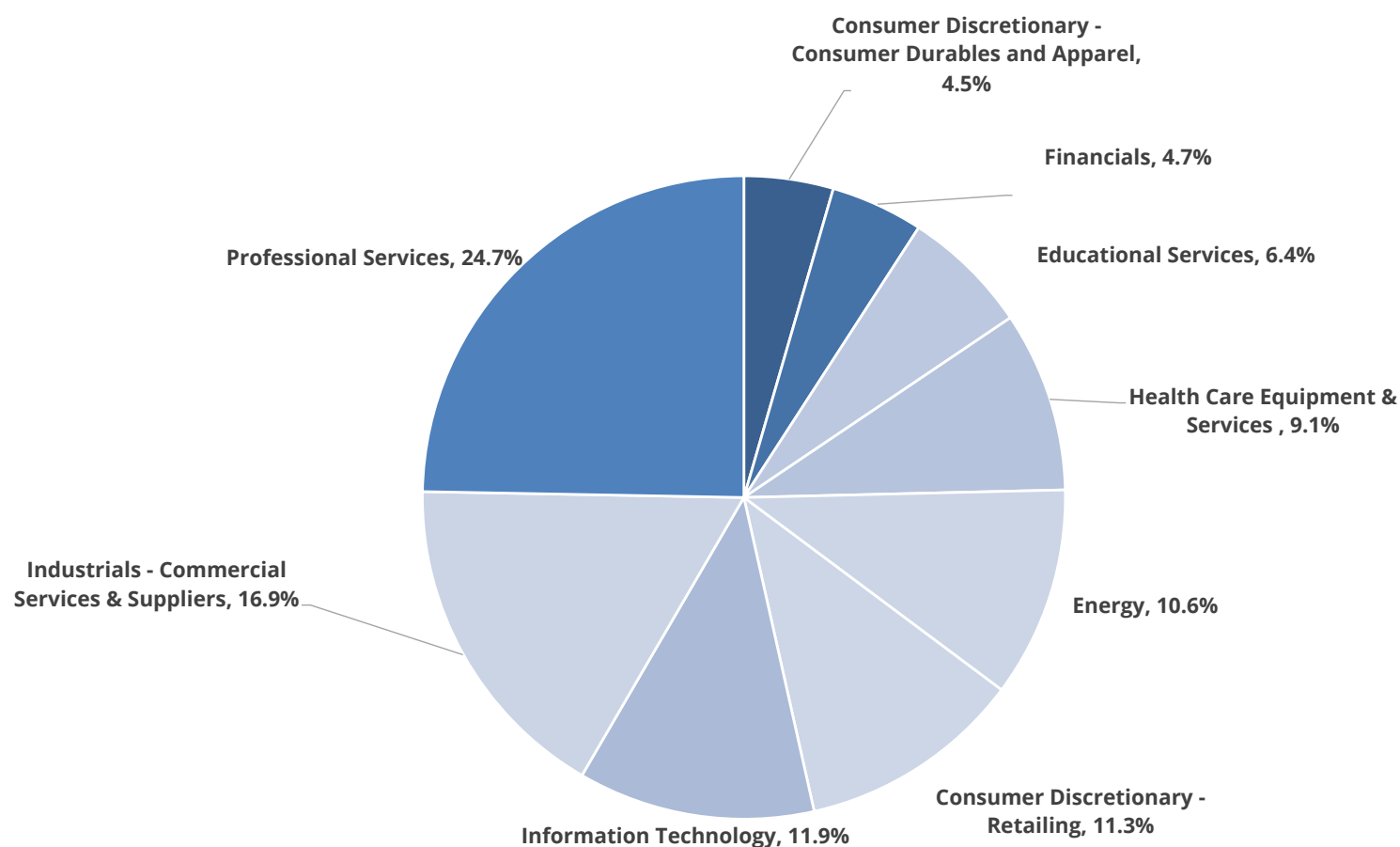
Private Equity Fund Name	Fund / Deal Size	Vintage Year	Investment Focus	VPEG5 Commitment	Total No. of Investee Companies
CPE Capital 9	\$780m	2020	Mid Market Buyout	\$20.0m	4
Advent Partners 3 Fund	\$410m	2021	Growth Capital, Later Stage Expansion & Buyout	\$20.0m	3
Allegro Fund IV	\$750m	2021	Mid Market Turnaround	\$25.0m	3
Anchorage Capital Partners Fund IV	\$500m	2022	Mid Market Expansion / Buyout	\$25.0m	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	1
Next Capital Fund V	\$340m	2022	Growth Capital, Later Stage Expansion & Buyout	\$20.0m	2
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
Co-investment No.4 Pac Trading	\$71m	2023	Growth Capital, Later Stage Expansion & Buyout	\$1.0m	1
Total				\$169.0m	19**

* Target Fund size

** Excluding Duplicates, includes both announced and completed deals as at 31 December 2023.

INDUSTRY SPREAD OF VPEG5'S PORTFOLIO

In October 2023, VPEG5 investee Allegro Fund IV completed the acquisition of Scyne Advisory. As a result, VPEG5's exposure to the "Professional Services" industry sector increased from 5.8% to 24.7%. This represents VPEG5's largest industry sector exposure, also comprising of portfolio company Slater & Gordon as at the December 2023 quarter end.



* Includes only completed portfolio company investments as at 31 December 2023.

ECONOMIC & MARKET UPDATE

The economic landscape in the concluding quarter of 2023 exhibited a substantial amelioration of inflationary pressures, defying earlier market projections. Both the quarter-on-quarter (q/q) and year-on-year (y/y) headline inflation rates stood at 0.6% and 4.1%, respectively, significantly below the market's prior expectations. The Reserve Bank of Australia's (RBA) favoured metric for underlying inflation, the trimmed mean, mirrored this trend, decelerating to 0.8% q/q, surpassing both RBA predictions and broader market expectations.

Services and Goods Prices:

Delving deeper into sectoral dynamics, domestic market services prices reflected a discernible deceleration, indicating not only weakened demand but also a slowdown in wage cost growth. Concurrently, tradables prices, excluding fuel, fruit, and vegetables, experienced a marked decline, with consumer durable goods prices notably affected.

Inflation Breadth Measures:

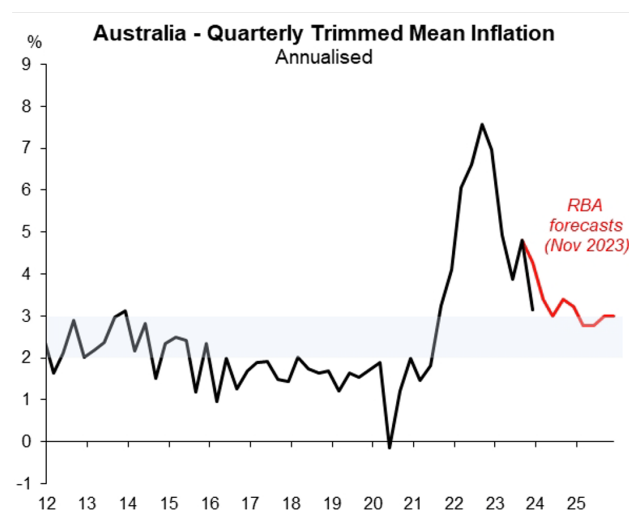
While certain inflation breadth measures exhibited signs of improvement, the distribution of price increases remained skewed. A substantial share of items recorded increases exceeding 3%, painting a nuanced picture of inflationary dynamics.

Sector-Specific Insights:

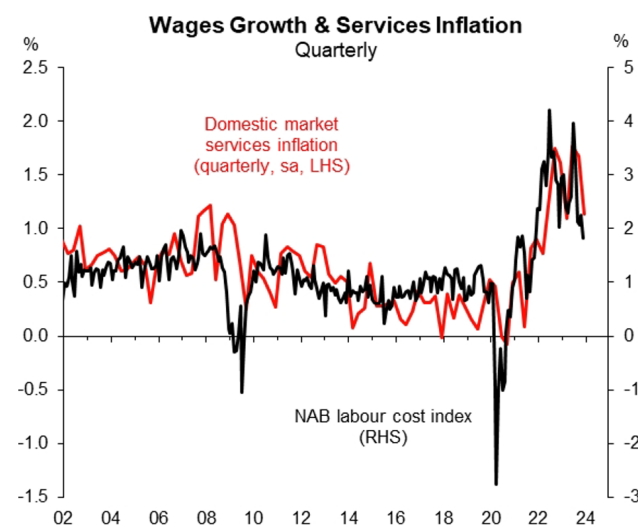
Within the domain of domestic market services prices, a substantial easing was observed, primarily propelled by a slowdown in the growth of meals out and takeaway food. Insurance and financial services, on the other hand, displayed a solid uptick, attributed to rising insurance fees, particularly in categories like motor vehicle, house, and home contents insurance. Consumer durables inflation witnessed its most significant decline in over a decade, marked by noteworthy price reductions in furniture, household appliances, and clothing & footwear.

New motor vehicle prices seemed to have reached a peak, while international holiday travel and accommodation prices experienced a decline. Simultaneously, domestic holiday travel and accommodation prices registered a third consecutive quarterly decrease.

Healthcare prices demonstrated an upward trajectory, driven by increases in health insurance premiums. This was partially offset by lower pharmaceutical prices, resulting from an increase in the share of consumers qualifying for subsidies under the Pharmaceutical Benefits Scheme. Electricity and gas prices displayed mixed



Source: ABS, NAB, RBA, Macrobond, Macquarie Macro Strategy



Source: ABS, NAB, RBA, Macrobond, Macquarie Macro Strategy

trends, with electricity prices witnessing a substantial year-on-year increase.

In the realm of housing inflation, focusing on rents and new dwelling purchase prices, there was a moderation primarily due to a decline in rents inflation. In contrast, new dwelling purchase price inflation continued its upward trajectory, driven by the ongoing pass-through of labour and material costs.

Australia and New Zealand Private Equity Activity

Against this economic backdrop, the private equity landscape witnessed noteworthy activity in the December 2023 quarter. Seven acquisitions and eight exits were announced or completed across diverse sectors, including business services, real estate, and software. Despite economic uncertainties affecting deal activity in 2023, as evidenced by bid-ask spreads and higher funding costs, there is a palpable shift as market confidence grows with stabilised inflation.

Anticipations for heightened deal activity in 2024 are rooted in equity markets pricing in a soft landing, open credit markets, and businesses becoming more assessable, fostering a favourable deal environment. Forecasts indicate a potential surge in secondary transactions as a backlog of private equity assets are expected to enter the market. Additionally, the latter half of 2024 may witness an increase in sponsor-backed Initial Public Offerings (IPOs) if the IPO market presents favourable conditions.

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