

VANTAGE PRIVATE EQUITY GROWTH 5



QUARTERLY INVESTOR REPORT
30 JUNE 2024

CONTENTS

VPEG5

| | |
|---------------------------------|-----------|
| EXECUTIVE SUMMARY | 3 |
| PERFORMANCE | 5 |
| PRIVATE EQUITY PORTFOLIO | 7 |
| PORTFOLIO ACTIVITY | 11 |
| MARKET INSIGHTS | 14 |





EXECUTIVE SUMMARY

Welcome to the Vantage Private Equity Growth 5 (VPEG5) quarterly investor report for the period ending 30 June 2024.

The June 2024 quarter was another active period for VPEG5's private equity managers with a number of new investments completed and added to VPEG5's portfolio, across various industry sectors including education, energy and information technology.

VPEG5's private equity managers are making significant progress in executing their investment strategies, which has led to steady earnings growth in recent quarters. As portfolio companies continue to achieve their objectives, their respective private equity managers will reassess their value, likely resulting in increased valuations for VPEG5's portfolio over the next six to twelve months.

PORTFOLIO HIGHLIGHTS

During the period, three of VPEG5's private equity managers made four new platform acquisitions, increasing the number of unique companies in VPEG5's portfolio from 26 to 30. In addition, two bolt-on company acquisitions were also completed and integrated into the operations of existing portfolio companies, with such strategic investments further growing the operations and market share of each portfolio company.

As is expected in the building phase of a private equity fund, VPEG5's underlying fund managers remain focused on deployment and are actively engaged in several potential investment opportunities across both public and private markets.

Managers have highlighted that the current economic backdrop has provided a number of highly attractive opportunities. As these opportunities are assessed through rigorous due diligence processes and investment committee approvals, it is anticipated that the number of portfolio companies in VPEG5's underlying portfolio will increase across the next six to twelve months.

VPEG5 FUND ACTIVITY

During the quarter, capital calls totalling \$8,951,996 were paid by VPEG5 to Allegro Fund IV, Next Capital Fund V, Mercury Capital Twenty2 and the Adamantem Environmental Opportunities Fund (EOF). The capital called was utilised to fund the previously reported portfolio company investments Fyfe and Nutun Australia completed by Mercury Capital Twenty2 and Allegro Fund IV respectively. In addition, capital was also called for the new portfolio company investment, Scentia completed by Next Capital Fund V during the period. Furthermore, capital was also called for the repayment of a financing facility used to acquire the Adamantem EOF portfolio company Pac Trading. No capital calls were issued by VPEG5 to investors during the period. As such, as at 30 June 2024, VPEG5 had called a total of \$0.39 per dollar of committed capital from investors.

As VPEG5's private equity managers progressively execute the growth strategies within each asset, a number of portfolio companies have witnessed a significant improvement in their earnings. For this reason, the operating performance has continued to improve, allowing the underlying managers to mark portfolio valuations accordingly relative to comparables. As such, VPEG5's Net Asset Value (NAV) at period end increased from \$0.343 to \$0.353 per dollar of committed capital to VPEG5, representing a total fund net return of 2.92% across the quarter and 22.56% across the year ending 30 June 2024.

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.



EXECUTIVE SUMMARY

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

| QUARTER ENDING | 30 JUNE 2024 |
|---|------------------------------|
| FINAL CLOSE | DECEMBER 2023 |
| STRATEGY | PRIVATE EQUITY FUND OF FUNDS |
| COMMITTED CAPITAL | \$165.73 MILLION |
| CALLED CAPITAL - PER \$ OF COMMITTED CAPITAL | \$0.39 |
| UNCALLED CAPITAL - PER \$ OF COMMITTED CAPITAL | \$0.61 |
| NET ASSET VALUE (NAV) - PER \$ OF COMMITTED CAPITAL | \$0.36 |
| NET RETURN - QUARTER | 2.92% |
| NET RETURN - 12 MONTHS | 22.56% |

PORTFOLIO

| | |
|---|------------------|
| TOTAL COMMITTED CAPITAL TO PRIVATE EQUITY | \$170.02 MILLION |
| NO. OF PRIMARY COMMITMENTS | 8 |
| NO. OF CO-INVESTMENTS | 4 |
| NO. OF UNDERLYING PORTFOLIO COMPANIES | 30 |
| NO. OF EXITS | 0 |
| NO. OF REMAINING PORTFOLIO COMPANIES | 30 |



PRIVATE EQUITY PORTFOLIO





PRIVATE EQUITY PORTFOLIO

VPEG5 PRIVATE EQUITY PORTFOLIO

| PRIVATE EQUITY FUND NAME | FUND / DEAL SIZE (\$M) | VINTAGE | INVESTMENT STRATEGY | COMMITMENT (\$M) | CAPITAL DRAWN (\$M) | PORTFOLIO COMPANIES | EXITS |
|--|------------------------|---------|---------------------|------------------|---------------------|---------------------|----------|
| CPE CAPITAL 9 | \$729 | 2020 | BUYOUT | \$20.00 | \$5.34 | 5 | - |
| ADVENT PARTNERS 3 FUND | \$410 | 2020 | EXPANSION / BUYOUT | \$20.00 | \$9.92 | 4 | - |
| ALLEGRO FUND IV | \$623 | 2020 | TURNAROUND | \$25.00 | \$12.42 | 4 | - |
| ANCHORAGE CAPITAL PARTNERS FUND IV | \$505 | 2021 | TURNAROUND | \$25.00 | \$6.38 | 4 | - |
| MERCURY CAPITAL FUND TWENTY2 | \$1,000 | 2022 | EXPANSION / BUYOUT | \$15.00 | \$5.33 | 3 | - |
| RIVERSIDE AUSTRALIA FUND IV | \$450 | 2022 | EXPANSION / BUYOUT | \$20.00 | \$0.00 | 1 | - |
| ADAMANTEM ENVIRONMENTAL OPPORTUNITIES FUND | \$350** | 2022 | EXPANSION | \$20.00 | \$2.79 | 3 | - |
| NEXT CAPITAL FUND V | \$375 | 2022 | EXPANSION / BUYOUT | \$20.00 | \$4.54 | 4 | - |
| CO-INVEST NO.1 – EVENTS AIR | \$187 | 2022 | EXPANSION / BUYOUT | \$1.00 | \$1.00 | 1 | - |
| CO-INVEST NO.2 – GULL NZ | NZ\$495 | 2022 | BUYOUT | \$1.00 | \$1.00 | 1 | - |
| CO-INVEST NO.3 – COMPARE CLUB | \$160 | 2022 | EXPANSION | \$2.00 | \$2.00 | 1 | - |
| CO-INVEST NO.4 – PAC TRADING | \$68 | 2023 | EXPANSION / BUYOUT | \$1.02 | \$1.02 | 1 | - |
| | | | TOTAL | \$170.02 | \$51.73 | 30* | - |

* Excluding Duplicates

** Target Fund Size



PRIVATE EQUITY PORTFOLIO

TOP 10 HOLDINGS ACROSS THE PORTFOLIO

| RANK | PORTFOLIO COMPANY | FUND | DESCRIPTION | SHARE OF PORTFOLIO | CUMULATIVE |
|------|-------------------------|------------------------------|--|--------------------|------------|
| 1 | DAVID JONES | ANCHORAGE IV | AUSTRALIAN LUXURY DEPARTMENT STORE | 9.3% | 9.3% |
| 2 | GULL NEW ZEALAND | ALLEGRO IV / CO-INVEST NO. 2 | NZ PETROLEUM DISTRIBUTION COMPANY AND PETROL STATION CHAIN | 7.3% | 16.6% |
| 3 | SCYNE ADVISORY | ALLEGRO FUND IV | AUSTRALIAN PUBLIC SECTOR ADVISORY BUSINESS | 7.2% | 23.8% |
| 4 | SLATER & GORDON | ALLEGRO IV | A LEADING COMPENSATION AND CLASS ACTION LAW FIRM | 6.5% | 30.3% |
| 5 | RMS CLOUD | ADVENT PARTNERS 3 FUND | SAAS PROPERTY MANAGEMENT FOR ACCOMMODATION SECTOR | 6.2% | 36.5% |
| 6 | FINDEX GROUP | MERCURY CAPITAL FUND TWENTY2 | FINANCIAL ADVISORY AND ACCOUNTING SERVICES | 6.2% | 42.7% |
| 7 | AMBROSE CONSTRUCT | CPE CAPITAL 9 | PROJECT MANAGEMENT AND CONTRACTOR SERVICES TO INSURANCE COMPANIES | 5.9% | 48.6% |
| 8 | MYSITE | ADVENT PARTNERS 3 FUND | GLOBAL PROVIDER OF SAAS SOLUTIONS FOR COMMUNITY AND STAKEHOLDER ENGAGEMENT | 5.8% | 54.5% |
| 9 | COMPARE CLUB | CO-INVESTMENT NO.3 | OPERATOR OF CONSUMER FINANCE AND INSURANCE INFORMATION PLATFORM | 4.9% | 59.4% |
| 10 | ACCESS COMMUNITY HEALTH | ANCHORAGE IV | NZ PROVIDER OF IN-HOME NURSING, PERSONAL CARE, REHABILITATION AND SOCIAL SUPPORT | 4.9% | 64.3% |



PRIVATE EQUITY PORTFOLIO

INDUSTRY DIVERSIFICATION OF PORTFOLIO

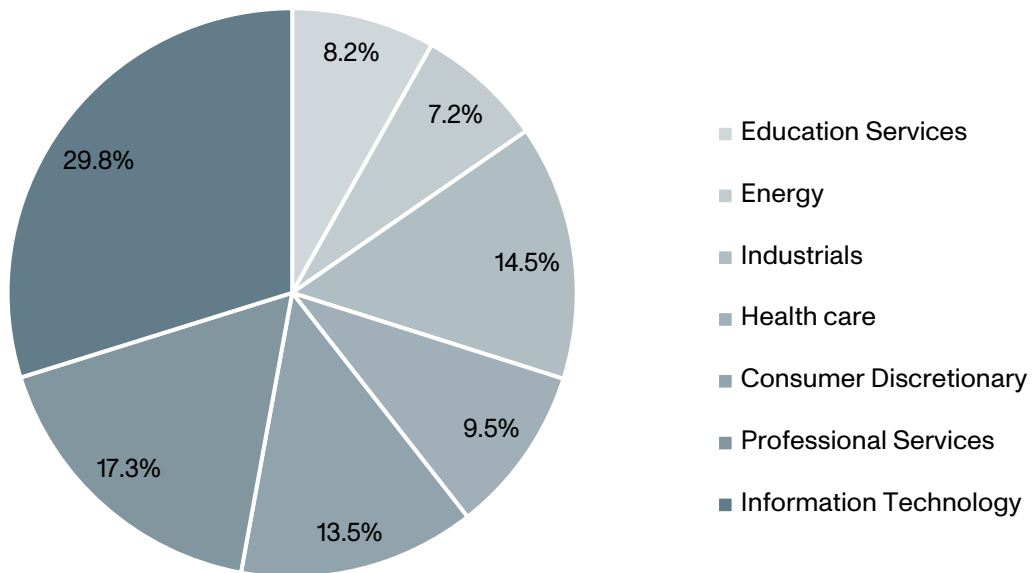


Image: Industry diversification of VPEG5 portfolio at period end 30 June 2024. Keys is in ascending order.

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 economic conditions emerged, VPEG5's underlying managers actively pursued several attractive investment targets. This environment resulted in four new company investments completed during the quarter. In addition, VPEG5 is expected to add another 20-25 new company investments to its portfolio over the next two to three years. This will bring the total number of underlying company investments to approximately 55-60 companies, when the portfolio is fully invested.

Provided below is an overview of the new acquisitions added to VPEG5's portfolio during the quarter.

EVNEX – ADAMANTEM EOF



During May 2024, the Adamantem EOF announced investment in Evnex, a New Zealand based manufacturer and distributor of electric vehicle smart chargers.

Evnex designs and delivers residential electric vehicle charging solutions which has a highly-scalable business model, without the utilisation risk and capital intensity inherent in public charging models.

Evnex has established partnerships with key corporate players in the EV market and is trusted by renowned brands including Volkswagen, Volvo, Skoda and Subaru.

SCENTIA – NEXT CAPITAL FUND V



During May 2024, Next Capital Fund V acquired Scentia, a leading post-secondary education provider in the Australian market.

Scentia was established in 2015 and is a leading Australian education and training group which includes the Australian Institute of Management (AIM) Education & Training, AIM Business School (ABS) and the Australasian College of Health and Wellness (ACHW).

Scentia offers a range of short courses in leadership and development training for working professionals, and accredited vocational training and higher education degrees to ~50k domestic students per year. The business leverages an 83-year-old Australian Institute of Management (AIM) brand to offer management and leadership training to mid-career professionals seeking to upskill or change professions.

EDGE ZERO – ADAMANTEM EOF



During June 2024, the Adamantem EOF acquired Edge Zero, a Software as a Service (SaaS) technology and device business providing real-time voltage monitoring solutions.

Edge Zero has developed proprietary technology that provides live information on power quality and asset health in low voltage electrical distribution networks. The technology helps operators of low voltage electrical distribution networks control grid management problems caused by ageing infrastructure, increased load demands and solar power exceeding the capacity of the network.

Edge Zero's technology can help electricity providers better facilitate load management and allows for enhanced asset management. This allows for greater network resilience and facilitates a smoother transition to renewable energy and electrified transport.

The Edge Zero investment fits into the EOF's Clean Energy and Electrification thematic, with alignment to UN SDGs 7 (Affordable and Clean Energy) and 13 (Climate Action). Edge Zero's products help lower CO2 emissions from both i) better management and planning of low voltage network assets to facilitate the optimal use of renewable energy; and ii) avoided extensions of the low voltage network.



PORTFOLIO ACTIVITY

VIRTUAL IT GROUP - RIVERSIDE AUSTRALIA FUND IV



During June 2024, Riverside Australia Fund IV completed the acquisition of Virtual IT Group, a National IT Managed Service provider to businesses across a wide range of industry sectors.

Established in 1998, VITG provides comprehensive outsourced IT services including cloud, communications, business continuity and cyber security to over 1,200 mid and large-size corporates across Australia.

VITG employs over 200 local staff and has a strong heritage in innovation and automation, partnering with the likes of Microsoft, Sophos, WatchGuard and Kaseya. The company has expanded rapidly along Australia's east coast including most recently into Victoria.

OTHER PORTFOLIO ACTIVITY

In addition to the new company investments acquired during the quarter, VPEG5's private equity managers completed two strategic bolt-ons in order to increase profitability and capture additional market share of existing portfolio companies.

During the quarter, **CPE Capital 9** portfolio company **Civilmart** completed the acquisition of Capital Precast, a leading ACT-based provider in the manufacture and distribution of precast concrete products. This acquisition further strengthens Civilmart's position as the second largest Australian manufacturer in providing concrete for civil construction and infrastructure.

Additionally, the **Adamantem EOF** portfolio company **Pac Trading** completed a bolt-on acquisition during the June quarter. This strategic acquisition allowed 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.

MARKET INSIGHTS





MARKET INSIGHTS

The Australian M&A environment over the last 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 AU\$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.

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.

DIRECTORY

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IMPORTANT INFORMATION

This report has been prepared by Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 (Vantage) in its capacity as Investment Manager of Vantage Private Equity Growth 5. 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.



VANTAGE ASSET MANAGEMENT

