

Vantage Private Equity Growth 2

Quarterly Investor Report — Quarter Ending 31 March 2015



Special points of interest:

- Allegro II announces the acquisition of Great Southern Rail, which includes The Ghan, The Indian Pacific and The Overland in Australia, from UK listed Serco.
- At 31 March 2015, VPEG2 ultimately held interests in two underlying company investments, with a further two investment to be funded during June 2015.

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SUMMARY

Background

Vantage Private Equity Growth 2 (VPEG2) is a multi manager Private Equity investment fund structured as twin Australian unit trusts (VPEG2A & VPEG2B). VPEG2 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 to long-term returns on Private Equity investments while keeping the volatility of the overall investment portfolio low. This is achieved by investing across a highly diversified portfolio of Private Equity assets with diversification obtained by allocating across manager, geographic region, financing stage, industry sector and vintage year.

VPEG2 will invest the majority of its Investment Portfolio into Australian based Private Equity funds who in turn are focused on investing into small to mid market sized companies headquartered in Australia and New Zealand, with enterprise value at initial investment of between \$20m and \$500m.

VPEG2's private equity investment portfolio will be developed over time and will ultimately make investment commitments into between six to eight private equity funds, including new (or Primary) private equity funds being established as well as into existing (or Secondary) private equity funds. To date VPEG2 has made commitments of \$11.5m across two Primary private equity funds who in turn hold interests in four underlying companies. As at 31 March 2015, VPEG2's investment commitments include; \$6m to Allegro Fund II and \$5.5m to Next Capital Fund III.

Important Information

This report has been prepared by Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 (VAM) (in its capacity as Investment Manager and Trustee of Vantage Private Equity Growth (Trusts 2A & 2B)). 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

Performance

The period 1 January 2015 to 31 March 2015 saw VPEG2 continue to expand its underlying private equity investment portfolio.

During the period, the acquisition of one new underlying company investment was announced and will be added to VPEG2's underlying private equity portfolio when capital is called from VPEG2, during the June 2015 quarter, by the underlying fund once it completes the investment.

The first table to the right provides a summary of the performance of VPEG2A's portfolio during the March 2015 quarter. As demonstrated VPEG2A's Net Asset Value (NAV) dropped slightly from \$0.075 per partly paid unit at the commencement of the quarter to \$0.069 per partly unit by 31 March 2015.

The slight decrease in NAV resulted from the costs incurred by both VPEG2A and its underlying fund investments being slightly higher than the interest earned on the cash and fixed interest investments of VPEG2A across the quarter.

The second table to the right provides a summary of the performance of VPEG2B's portfolio during the March 2015 quarter.

As demonstrated VPEG2B's Net Asset Value (NAV) increased slightly, during the quarter from \$0.978 to \$0.985 per unit as the interest earned on VPEG2B's cash and fixed interest investments exceeded the management, custody, administration and other underlying fund costs incurred by VPEG2B, during the quarter.

Month Ending	VPEG2A Paid Capital / Partly Paid Unit (\$)	VPEG2A NAV / Partly Paid Unit (\$)
31-Mar-15	0.10	0.069
28-Feb-15	0.10	0.070
31-Jan-15	0.10	0.069
31-Dec-14	0.10	0.075

Month Ending	VPEG2B NAV / Fully Paid Unit (\$)
31-Mar-15	0.985
28-Feb-15	0.985
31-Jan-15	0.978
31-Dec-14	0.978

Key Portfolio Developments

During the March 2015 quarter, VPEG2 continued to grow its underlying private equity portfolio.

During the quarter one new underlying company investment acquisition was announced by **Allegro Fund II**.

There were no draw downs during the quarter from VPEG2, to either Next III or Allegro II to which it had commitments at quarter end. The first draw down from VPEG2 to Allegro II is likely to occur during the June 2015 quarter, when Allegro completes the final close of fund raising for Allegro II

During the quarter **Allegro II** announced its acquisition of **Great Southern Rail** which operates the transcontinental passenger rail services, The Ghan, The Indian Pacific and The Overland in Australia, from UK listed Serco. It is anticipated that VPEG2's share of this investment will be called during the June 2015 quarter.

With Next III having previously completed two investments and Allegro II having completed one investment and announced one other (each with funds yet to be drawn from VPEG2), two underlying company investments existed within VPEG2's portfolio as at 31 March 2015.

Two additional investments will be added (the Allegro II investments) once funds are drawn from VPEG2 for these investments during the June 2015 quarter.

“One new underlying company investment was announced to be acquired during March 2015”

Overview of New Investments

Great Southern Rail - Allegro II

On 30 March 2015, Allegro Funds announced its plans to acquire Great Southern Rail (GSR) which operates the transcontinental passenger rail services, The Ghan, The Indian Pacific and The Overland in Australia, from UK listed Serco.

Allegro acquired this iconic Australian asset in order to capitalise on the forecast growth of the luxury tourism sector in Australia.

Allegro view this as an opportunity to cater to the high-end experiential tourism market. The Ghan and The Indian Pacific are iconic rail experiences positioned to provide guests with an opportunity to experience an authentic Australian adventure through the comfort and luxury of travelling by rail.

The acquisition leverages Allegro's experience in the domestic tourism industry, building on the strong growth Great Southern Rail has experienced in recent years.

Through working with management and other stakeholders, Allegro plan to build value and realise the growth potential of these unique Australian assets.

Allegro will be funding the acquisition with 100% equity and we look forward to partnering with GSR's existing management team to generate further benefits for the company's employees, customers and suppliers.

It is anticipated key management personnel will continue under the proposed ownership arrangements, including GSR's Chief Executive Officer, Chris Tallent.

The transaction was expected to be completed by mid May 2015.

About Great Southern Rail

Great Southern Rail has been a wholly owned subsidiary of Serco Asia Pacific since 1999.

Great Southern Rail operates three trains: The Indian Pacific (Sydney-Adelaide-Perth), The Ghan (Adelaide-Alice Springs-Darwin) and The Overland (Melbourne-Adelaide).

Great Southern Rail's national headquarters and operations are based in Adelaide, South Australia.



PORTFOLIO STRUCTURE

VPEG2's Portfolio Structure – 31 March 2015

The tables and charts below provide information on the breakdown of VPEG2's investments as at 31 March 2015.

Current Investment Portfolio Allocation*

The following tables provide the percentage split of the current investment portfolio of each of VPEG2A and VPEG2B, across cash, fixed interest securities (term deposits) and Private Equity.

The Private Equity component of each portfolio is further broken down by the investment stage (Later Expansion or Buyout) of the underlying investments that currently make up each trust's Private Equity portfolio.

VPEG2A			
Cash	Fixed Interest	Private Equity	
0.9%	76.7%	Later Expansion	0.0%
		Buyout	22.4%

Note; As VPEG2A is currently holding more than 70% of paid capital from unit holders in cash and fixed interest investments, it is anticipated that sufficient funds remain in VPEG2A to meet the short term obligations of the trust and its underlying fund commitments and as such it is anticipated that no additional capital calls will be made on VPEG2A unit holders during the June 2015 quarter.

VPEG2B			
Cash	Fixed Interest	Private Equity	
0.4%	96.8%	Later Expansion	0.0%
		Buyout	2.8%

“At 31 March 2015, VPEG2 ultimately held interests in two underlying company investments, with a further two investment to be funded during June 2015”

Private Equity Portfolio

VPEG2, with commitments to two Private Equity funds, ultimately held interests in two underlying company investments, at quarter end with a further two to be funded during the June 2015 Quarter. VPEG2's Private Equity portfolio and commitments, as at 31 March 2015, were as follows:

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG Commitment		Capital Drawn Down		Total No. of Investee Companies	No. of Exits
				VPEG2A	VPEG2B	VPEG2A	VPEG2B		
Next Capital Fund III	\$300m*	2014	Small to Mid Market Expansion / Buyout	\$3.5m	\$2.0m	\$0.44m	\$0.25m	2	0
Allegro Fund II	\$180m*	2014	Small to Mid Market Expansion / Buyout	\$4.0m	\$2.0m	\$0.0m	\$0.0m	2**	0
Total				\$7.5m	\$4.0m	\$0.44m	\$0.25m	4	0

* Target Fund Size

** VPEG2's share of these investment to be funded to Allegro II during the June 2015 quarter

PORTFOLIO STRUCTURE — continued

Summary of VPEG2's Underlying Private Equity Investments

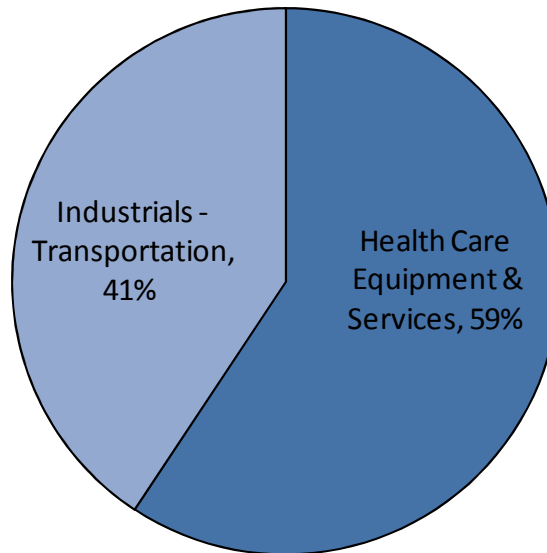
The table below provides an overview of the spread of underlying private equity investments in VPEG2's portfolio, for which funds had been drawn from VPEG2 (on a pro rata basis across both trusts A & B), as at 31 March 2015.

Rank	Investment	Fund	Description	% of VPEG2's Private Equity Investments	Cumulative %
1	Infinite Aged Care	Next Capital III	Aged Care Operator and Developer	59.2%	59.2%
2	Forest Coach Lines	Next Capital III	Urban Bus Fleet Owner and Operator	40.8%	100.0%

Industry Spread of VPEG2's Underlying Investments

With no additions to VPEG2's underlying private equity portfolio during the March 2015 quarter, VPEG2's industry exposure to the "Health Care" and the "Industrials - Transportation" industry sectors remained steady.

Health Care is VPEG2's largest industry exposure, representing 59% of the value of VPEG2's total Private Equity portfolio as at 31 March 2015.



CONTACT DETAILS

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