

**VANTAGE PRIVATE EQUITY GROWTH TRUST 2B**

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

INVESTMENT MANAGER



Diversify Grow Outperform

# CORPORATE DIRECTORY

## **Directors of the Trustee**

Michael Tobin B.E., MBA, DFS (FINANCIAL MARKETS)  
*Managing Director*

David Pullini B.E., MBA  
*Director*

## **Notice of Annual General Meeting**

The Annual General Meeting of  
Vantage Private Equity Growth 2  
will be held at  
Corrs Chambers Westgarth  
L17, 8 Chifley Square  
Sydney NSW 2000

time  
11.00am

date  
29 November 2016

## **Principal registered office in Australia**

Level 25, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

## **Auditors**

Ernst & Young  
200 George Street  
Sydney NSW 2000

## **Solicitors**

Norton Rose Fullbright  
Grosvenor Place  
225 George Street  
Sydney NSW 2000

# CONTENTS

> <b>Trustee and Managers' report</b>	<b>2</b>
> <b>Financial statements</b>	<b>15</b>
Statement of Profit or Loss and other Comprehensive Income	<b>16</b>
Statement of Financial Position	<b>17</b>
Statement of Changes in Equity	<b>18</b>
Statement of Cash Flows	<b>19</b>
Notes to the financial statements	<b>20</b>
> <b>Directors' declaration of the Trustee Company</b>	<b>29</b>
> <b>Independent auditor's report to the Unitholders</b>	<b>30</b>

# TRUSTEE AND MANAGERS' REPORT

Vantage Asset Management Pty Limited, the Trustee of Vantage Private Equity Growth Trust 2B ("the Fund" or "VPEG 2B") presents their report together with the financial statements of VPEG 2B for the year ended 30 June 2016.

## Directors

The following persons were directors of the Trustee during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Tobin (*Managing Director*)

David Pullini (*Director*)

## Principal activity

The principal activity of the Fund is the investment in professionally managed Private Equity funds focused on investing in the later expansion and buyout stages of Private Equity in Australia and New Zealand.

The principal objective of the Fund is to provide investors with the benefit of a well-diversified Private Equity investment portfolio. This is achieved by focusing on providing the majority of its commitments and investments to underlying 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.

As at 30 June 2016 the Fund held investment commitments in five Private Equity funds managed by top performing Australian and New Zealand headquartered Private Equity fund managers. To date, VPEG 2B has made commitments of \$8.1m<sup>1</sup> which includes \$2m to each of Allegro II, CHAMP IV and Next Capital Fund III, \$1.2m to Mercury Capital Fund 2 and NZ\$1.0m to Waterman Fund 3.

Note 1. Assumes an AUD / NZ exchange rate of 1.1.

## Fund Performance Highlights For FY16

- \$2.9m of investment commitments made across three additional Private Equity funds during the year
- \$8.1m of total investment commitments to date made across five Private Equity funds
- \$1.5m in capital drawn by underlying Private Equity funds
- Five new underlying company investments added to the portfolio
- A total of nine underlying company investments now within the portfolio

## Distributions

No distributions have been paid or recommended for payment for the year ended 30 June 2016.

## Economic Conditions across FY16

As was the case in FY15, Australia has been experiencing a transition from a reliance on the mining sector to a broader spread of sectors. Interestingly, Australia's economy is dominated by the service sector comprising 65% of total GDP. Yet its economic success in recent years has been based upon the mining (13.5% of GDP) and agriculture (2% of GDP) as Australia is a major exporter of commodities. The expectation at the beginning of the year was that growth rates in Australia will remain subdued into 2016 as the country continues this transition. Monetary policy has been focused on improving non-mining business investment to offset the expected fall in the continued decline in mining related investment caused by the declines in commodity prices.

For the year ended 30 June 2015, the economy continued to grow at a moderate pace of 2.3% which was lower than the 3% that had been forecast. This was however still trending below the long term trend of 3.25%. The common concerns for the Australian economy included the ongoing weakness in the commodity prices, the speed at which the Australian economy could transition away from resources into non-resource areas; and the extent to which these factors would lead to higher consumer spending and business investment.

During the second half of 2015 the Australian economy grew by 0.9% for the September quarter and again by 0.6% in the December quarter. The average over the period was 0.75% which is slightly lower than the longer-term average of 0.87% per quarter.

The depreciation in the Australian dollar stimulated demand for domestically produced goods and services shown in the responses to business surveys that implied a general improvement in conditions. There was also a noticeable improvement in labour market conditions whereby the official unemployment rate for December fell to 5.8% after peaking at 6.3% during 2015. The demand for workers was supported by record low wage increases however this came at the expense of purchasing power (ie real income growth) for those already working. The September quarter saw annual wages growth in the private sector fall to 2.1% (0.65% above inflation). This however did not temper the results with a spike in public spending, strong consumer sentiment resulting in an increase in household spending and a buoyant housing market (attributable to record low interest rates) tempered the negative indicators and contributed positively towards the results for the period. As might be expected in an environment of low interest rates and low growth, the currency continued to depreciate against other currencies and was down 5% from USD 0.76 to USD0.72 reflecting the weakness in commodity prices and the expectation of continued low interest rates.

In early 2016, the Reserve Bank of Australia signalled qualified optimism about the economic outlook for Australia given a decrease in unemployment, low inflation and a lower Australian dollar and other evidence of the transition out of the mining boom was starting to take hold. The March RP Data national house price index showed a small rise of 0.2% with annual growth easing back to 6.4%, suggesting that price growth will moderate as record new construction occurs. House hold spending also improved as consumers took advantage of rising house values and falling petrol prices. However the prolonged period of subdued wage growth, lower oil prices as well as the impact of China devaluing its currency (import costs are lower) meant inflationary pressures were further subdued which provided scope for further easing of monetary policy. In May 2016, the RBA reduced the official cash rate a further 0.25% to an unprecedented 1.75% following a surprisingly weak inflation data at the end of April 2016.

# TRUSTEE AND MANAGERS' REPORT

In equity markets, the common concerns still impacting the global economy was the outlook for China's growth. China is pivotal to the world economic outlook, having accounted for almost one third of global growth in 2015. China is also Australia's largest trading partner and will continue to play an important role in Australia's long term economic prosperity. China's economic outlook, however, must be viewed against its recent economic performance over the past two decades. Chinese GDP growth of 6% in 2016 is equivalent to 9% five years ago, and disposable incomes are growing solidly in real terms (up 7.9% over the course of 2015). Additionally, government support for expansionary fiscal policy, signals of exchange rate stability by the People's Bank of China and a weaker Yuan are likely to stem the impact in the short term, as their economy transitions towards a market based economy. Further volatility in global equity markets during the year also resulted from negative sentiment associated with the impending interest rate normalisation program (after almost a decade of nominal interest rates), which was expected to be implemented by the US Federal Reserve in the later half of 2015. More recently however, the US Federal Reserve has shown signs of softening its tightening cycle. Global growth is likely remain moderate as will interest rates as the global economy continues its adjustment towards 'normal' economic activity. Despite this, the Australian Bureau of Statistics reported that Australian GDP grew by 1% in the first quarter of 2016, dropping to 0.5% in the second quarter.

The annual growth rate for FY16 was 2.9% according to the Australian Bureau of Statistics which was still below the longer term average of 3.25%. However a decrease drag from mining investment on account of strong services growth, resilient consumption and rising commodity exports along with higher public spending on infrastructure, continued low interest rates and increased production of natural gas is expected to help maintain real GDP growth over the next year.

## A Positive Investment Environment for VPEG2 in FY17

Australian Private Equity activity, including acquisitions remained strong in FY 2016 with a number of quality primary transactions and bolt-on acquisitions undertaken. Despite equity market volatility and political uncertainty at the federal level during the year, the deal activity in the small to mid-market segment (enterprise value of \$25-\$250m where the majority of VPEG2's underlying funds invest) increased by 7% in comparison to the prior year. A large number of private businesses operate in this size segment, and as many private business owners reach retirement age, consistent with demographic trends, the market is likely to see more transactions in this segment.

In addition, bank finance remains available for sponsor supported deals particularly in part due to several new entrants into the market increasing competition within the industry. Liquidity and terms continue to be supportive for new transactions into FY17.

As presented above, the above factors combined with the equitable balance between buyers and sellers, serve to support the Australian Private Equity market to continue to present an attractive opportunity for VPEG2's underlying funds to continue to build out their underlying portfolio's through FY17.

## Review of VPEG 2B's Operations

Vantage Private Equity Growth 2B ('VPEG 2B') is one of a set of private equity funds managed by Vantage Asset Management Pty Ltd which is a leading independent investment management company with expertise in private equity, funds management and manager selection. VPEG 2B comprises one half of a twin trust structure (in conjunction with Vantage Private Equity Growth 2A) which are Australian unit trusts for sophisticated investors with a minimum capital commitment of \$50,00. 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.

## Fully Paid Units Issued

The Fund's final close, on 28 May 2015, achieved total investment commitments of \$8,847,838 from investors. The initial issue price for units under this offer was \$1 per unit payable in full upon application if paid on or before the first close.

As a result, VPEG 2B has on issue 8,847,838, fully paid units with total Paid Capital of \$8,904,052 at 30 June 2016.

## New Underlying Private Equity Fund Commitments and Investments

Since the commencement of the investment program, VPEG 2B has committed \$8.1 million across five Private Equity funds. These commitments as at 30 June 2015 included \$2m to Allegro Fund II and Next Capital Fund III and \$1.2m to Mercury Capital Fund 2. Additional commitments to underlying Private Equity funds during the year ended 30 June 2016 were made as follows:

- **\$2.0 million to CHAMP IV** (February 2016), managed by Sydney, Australian headquartered, Private Equity mid-market buyout specialist, CHAMP Private Equity Pty Ltd; and
- **NZ\$1.0 million to Waterman Fund 3** (February 2016), managed by Auckland, New Zealand headquartered, Private Equity specialist, Waterman Capital.

VPEG 2B's Private Equity portfolio and commitments, as at 30 June 2016, were as follows:

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG2B's Commitment	Capital drawn down	Total No. of Investee Companies	No. of Exits
Next Capital Fund III	\$265m	2014	Small to Mid Market Expansion / Buyout	\$2.0m	\$0.54m	3	0
Allegro Fund II	\$180m	2014	Small to Mid Market Expansion / Buyout	\$2.0m	\$0.46m	3	0
Mercury Capital Fund 2	\$300m	2015	Small to Mid Market Expansion / Buyout	\$1.2m	\$0.38m	2	0
CHAMP IV	\$1,000m*	2016	Mid Market Buyout	\$2.0m	\$0.55m	1	0
Waterman Fund 3	NZ\$200m	2016	Small to Mid Market Expansion / Buyout	NZ\$1.0m	\$0.03m	0	0
<b>Total (**)</b>				<b>\$8.1m</b>	<b>\$1.96m</b>	<b>9</b>	<b>0</b>

\*: Target Fund Size

\*\* : Assumes AUD / NZD exchange rate of 1.1

Due to continued investment activity by VPEG 2B's underlying funds, the total value of funds drawn from VPEG 2B into Private Equity investments during the year increased from \$0.489m at 30 June 2015 to \$1.96m at 30 June 2016, representing a 300% increase in drawn capital from VPEG 2B across the year.

# TRUSTEE AND MANAGERS' REPORT

This resulted in the total number of underlying company investments that have been invested in by VPEG 2B's underlying funds since inception, increasing from four to nine during the year and one additional "bolt on" acquisition completed to increase the size an existing individual investment. As a result, VPEG 2B's portfolio at the end of FY16 consisted of nine underlying Private Equity company investments.

New underlying Private Equity company investments completed during the period included:

- by **Allegro Fund II**
  - **Carpet Court NZ** (July 2015) leading flooring retailer which has 60 outlets across New Zealand.
- by **CHAMP IV**
  - **Pepperstone Group** (March 2016) operator of a high growth online investment platform specialising in Foreign Exchange, commodities and Contract For Difference (CFD) products.
- by **Next Capital Fund III**
  - **Lynch Group** (November 2015) Australia's leading integrated supplier, wholesaler and merchandiser of fresh cut flowers and potted plants.
- by **Mercury Capital Fund 2**
  - **Hexagon Holdings** (December 2015) largest labels manufacturing business in Australasia.
  - **Nexus Day Hospitals** (June 2016) owner and operator of the second largest day surgery business in Australia with a total of 10 high-quality day hospitals. The investment included the simultaneous settlement of Nexus's acquisition of National Day Surgeries.

The table below provides a summary of the underlying Private Equity investments in VPEG 2B's portfolio, for which funds have been drawn from VPEG 2B, as at 30 June 2016. As demonstrated in the table, VPEG 2B's investments in completed acquisitions represent 25.4% of VPEG 2B's Net Asset Value at 30 June 2016.

Rank	Investment	Fund	Description	% of VPEG 2B's Private Equity Investments (*)	Cumulative % of VPEG 2B's NAV (*)
1	Great Southern Rail	Allegro Fund II	Luxury tourism provider	7.5%	7.5%
2	Pepperstone	CHAMP IV	Online retail investment platform	5.9%	13.4%
3	Lynch Group	Next Capital III	Flower and potted plant operator	3.1%	16.5%
4	Nexus Day Hospitals	Mercury Capital 2	Day hospital owner and operator	2.3%	18.7%
5	Carpet Court NZ	Allegro Fund II	Flooring retailer	1.8%	20.5%
6	Hexagon	Mercury Capital 2	Label manufacturer	1.5%	22.0%
7	Forest Coach Lines	Next Capital III	Urban bus fleet owner and operator	1.5%	23.4%
8	Infinite Aged Care	Next Capital III	Aged care operator and developer	1.4%	24.9%
9	Custom Bus	Allegro Fund II	Bus manufacturer	0.5%	25.4%

Note: \* VPEG 2B's pre-tax Net Asset Value



## Financial Performance of the Fund

During the year, total income of Fund was \$219,515 (2015: \$208,783). This represents the interest earned on cash and term deposits as well as VPEG 2B's share of equalisation premiums paid by final close investors from investee Funds. Given the recent establishment of the Fund, no further income (such as dividends or capital gains) has yet been received from underlying Private Equity investments, however distributions from these investments are likely to flow to the Fund overtime as the portfolio matures and companies are exited.

VPEG 2B's total funds invested in cash and term deposits as at 30 June 2016 was \$6,738,415 (2015: \$8,217,059). The mix of investments in cash and term deposits provides an income yield for surplus cash requirements while ensuring an appropriate level of liquidity to meet the Fund's operational expenses and future calls by underlying Private Equity fund managers, as new private company investments are added to the portfolio.

Operational costs incurred by the Fund for the year ended 30 June 2016 totalled \$223,021 (2015: \$248,118). The majority of these expenses consisted of costs associated with the management of VPEG 2B. The decrease in operational expenses is due to the reduction in adviser referral fees and other costs associated with the establishment of VPEG 2B that were incurred in the prior year.

Furthermore a revaluation increment of \$434,360 has been recognised for the year ended 30 June 2016 due to the improvement in the value of the underlying investments during the year and the ability of the investee's to derive value from implementing and executing their investment strategies.

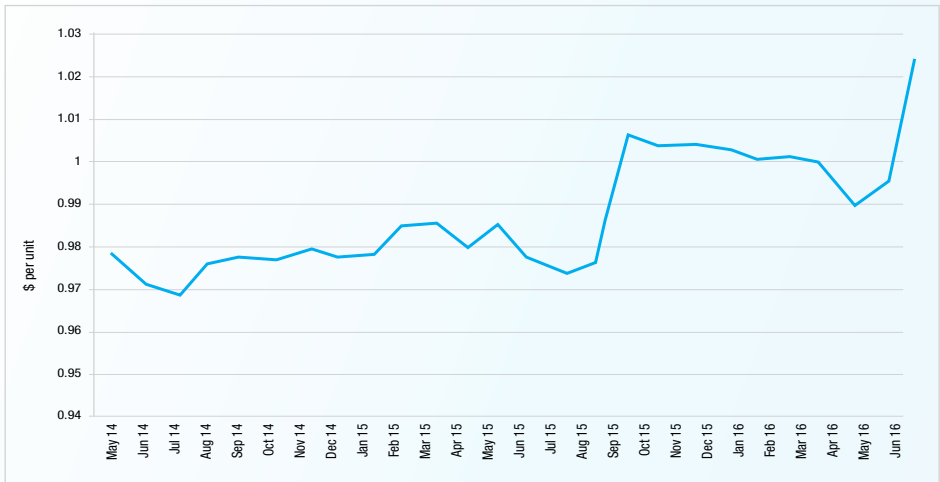
As operational costs for the period exceeded income received, VPEG 2B recorded an accounting loss of \$3,506 for the year ended 30 June 2016 (2015: \$39,335).

# TRUSTEE AND MANAGERS' REPORT

## Change in Net Asset Value / Unit

The graph below details the movement in VPEG 2B's Net Asset Value (NAV) per unit since inception through to 30 June 2016.

### VPEG2B Net Asset Value / Unit



As demonstrated in the graph above, VPEG 2B's Net Asset Value (NAV) has increased from \$0.977 per unit at the beginning of the year to \$1.025 per unit by 30 June 2016.

The increase in VPEG 2B's NAV during the year was predominately due to an improvement in the value of underlying investments during the year.

## Significant changes in the state of affairs

During the financial year there were no significant changes in the state of affairs of the Fund.

## Matters subsequent to the end of the financial year

Subsequent to 30 June 2016, three underlying investee funds of VPEG 2B completed new investments. These included;

- Allegro Fund II's acquisition of Pizza Hut Australia (September 2015);
- CHAMP IV's investment in Containerchain (August 2016) and
- Waterman Fund III's investment in My Food Bag (October 2016).

In addition during September 2016, Allegro II announced that Quadrant Private Equity had entered into an agreement to acquire a majority stake in underlying investee company Great Southern Rail. Details of these new investments and exit will be provided in the September 2016 and December 2016 quarterly investor reports available on the Fund's website at [www.vpeg2.info](http://www.vpeg2.info). The manager expects the number of acquisitions within the underlying portfolio to continue in line with the rate of acquisitions over the past year as the Private Equity portfolio develops and further investment commitments are made into additional Private Equity funds.

In the opinion of the directors, no other matter or circumstance has arisen since 30 June 2016 to the date of this report that otherwise has significantly affected, or may significantly affect:

- (a) the Fund's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Fund's state of affairs in future financial years.

## Likely developments and expected results of operations

The operations of the Fund will continue as planned with its existing business operations as well as new commitments and investments made to (and through) Private Equity funds. VPEG 2B will ultimately make investment commitments into six to eight Private Equity funds. These funds include new funds being established, as well as existing Private Equity funds. In line with the investment strategy per the Information Memorandum, the Fund is well on track to meeting this target. This however is tempered with the objective of ensuring a dynamic allocation strategy which is designed to achieve a reduced volatility of returns over the medium to long-term and optimise the allocation of the Fund's investment portfolio to the highest performing assets, managed by the best performing Private Equity fund managers.

## Environmental regulation

The operations of this Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

# INFORMATION ON INVESTMENT COMMITTEE MEMBERS

The following persons served of VPEG 2B's Investment, Audit and Risk Committee (Investment Committee) during the whole of the financial year and up to the date of this report:

Roderick H McGeoch AO  
*(Chairman of Investment Committee)*

Patrick Handley  
*(Independent Committee Member)*

Paul Scully  
*(Independent Committee Member)*

Michael Tobin  
*(Committee Member and Managing Director of Trustee)*

David Pullini  
*(Committee Member and Director of Trustee)*



**Roderick H McGeoch AO, LL.B.**  
Investment Committee Chairman (Independent)

## *Experience and expertise*

Rod is the immediate past Chairman Emeritus of Corrs Chambers Westgarth, a leading Australian law firm and has significant board and advisory experience. His current board positions include; Chairman of BGP Holdings PLC Director of Ramsay Healthcare Limited and Destination NSW. Rod is also the Honorary Chairman of the Trans-Tasman Business Circle and the Co-Chairman of the Australia New Zealand Leadership Forum as well as Deputy Chairman of the Sydney Cricket and Sports Ground Trust. Rod was also previously a Director of Sky City Entertainment Group and a member of the International Advisory board of Morgan Stanley Dean Witter, one of the world's leading financial institutions.

Rod was also the Chief Executive Officer of Sydney's successful Olympic bid and a Director of the Sydney Organising Committee for the Olympic Games.

Rod was awarded membership of the Order of Australia for services to Law and the Community in 1990. In 2013 Rod was made an Officer of the Order of Australia (AO) for distinguished service to the community through contributions to a range of organisations and to sport, particularly through leadership in securing the Sydney Olympic Games.

## *Special responsibilities*

Chairman of the Investment Committee.



**Patrick Handley B.Com., MBA.**

Investment Committee Member (Independent)

*Experience and expertise*

Pat has over 40 years of international financial services experience and is currently the Executive Chairman of Mason Stevens Pty Limited. Pat was previously Chairman of Pacific Brands Ltd where he oversaw the turnaround of the company after it was purchased from Pacific Dunlop in a Management Buyout led by the Private Equity fund managers Catalyst and CVC Asia Pacific in 2001.

Pat was also previously an Executive Director and Chief Financial Officer of Westpac Banking Corporation, where during his tenure he established the first Quadrant Capital fund in 1994. Pat has also been Chairman and Chief Executive Officer of County Savings Bank (USA), Chief Financial Officer of BancOne Corporation (USA), and a Director of Suncorp Metway Limited, AMP Limited, HHG.

*Special responsibilities*

Chairman of the Audit Committee.



**Paul Scully BA, FIAA, FAICD.**

Investment Committee Member (Independent)

*Experience and expertise*

Paul has spent 40 years in financial services and has extensive local and international experience in many aspects of institutional investment management, covering business and asset management, M&A and Private Equity. Paul is currently also a board member of State Plus (formally State Super Financial Services) and an independent member of the Investor Review Committees of the Australian Prime Property Fund. Paul has also been a Director of ING Management Pty Ltd, the responsible entity for the listed property funds of the ING Group in Australia, including the ING Office Fund & ING Industrial Fund, both past ASX top 100 entities.

Paul is the former CEO and Managing Director of ING Investment Management (INGIM) Asia Pacific and a member of INGIM's Global Management Board. Paul was responsible for establishing INGIM's Private Equity multi manager investment program in 1997 and was part of the team that subsequently built that business to approximately \$300m of funds under management. During his tenure, INGIM invested in many Private Equity funds managed by close to 20 Australian Private Equity fund managers.

Paul is an actuary by profession, and has also written extensively on finance related topics.

# INFORMATION ON INVESTMENT COMMITTEE MEMBERS



**Michael Tobin B.E., MBA, DFS (Financial Markets)**

Investment Committee Member and Managing Director

## *Experience and expertise*

Michael has been made available to the Fund as Managing Director by Vantage Asset Management Pty Limited (the Manager) and is responsible for overseeing the implementation of the Fund's investment strategy. Michael has over 25 years' experience in Private Equity management, advisory and investment as well as in management operations.

Michael was formerly Head of Development Capital and Private Equity at St George Bank where he was responsible for the management and ultimate sale of the bank's commitments and investments in \$140m worth of St George branded Private Equity funds. Michael also established the bank's Private Equity advisory business, which structured and raised Private Equity for corporate customers of the bank. Michael has arranged and advised on direct Private Equity investments into more than 40 separate private companies in Australia across a range of industry sectors.

Michael holds a BE (UNSW), an MBA (AGSM) and a Diploma of Financial Services (AFMA).

## *Special responsibilities*

Managing Director and Company Secretary of the Manager and Executive Member of the Investment Committee.



**David Pullini, BE, MBA.**

Investment Committee Member and Director.

## *Experience and expertise*

David is a Director of Vantage Asset Management Pty Limited (the Manager) and has more than 25 years of general management, business development, investment, advisory, acquisitions and divestment experience.

In 2005 David was a founding partner of O'Sullivan Pullini, a firm that became recognised as a leading investment bank in Australia. O'Sullivan Pullini completed M&A transactions worth over A\$10 billion in value across multiple industry sectors and to a broad cross-section of clients. The firm was particularly active in advising in the Private Equity space, including successful advisory mandates for Kohlberg Kravis Roberts (KKR) on the acquisition of the Australian businesses of Cleanaway and Brambles Industrial Services from Brambles Industries, the establishment of a A\$4 billion joint venture with the Seven Network and the later divestment of Cleanaway.

Prior to co-founding O'Sullivan Pullini, David managed international corporate businesses for fifteen years in Australia and Europe. For the eight years David was based in Europe, he managed a portfolio of Brambles European based businesses. David has deep experience and understanding of the key drivers of profitable business growth and the levers of value creation.

David holds a BE Hons. (UTS), an MBA (IMD) and a Graduate Diploma of Applied Finance (SIA).

## *Special responsibilities*

Director of the Manager and Executive Member of the Investment Committee.

## Meetings of Investment, Audit and Risk Committee

The number of meetings of the investment committee held during the period ended 30 June 2016, and the number of meetings attended by each committee member were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF INVESTMENT AUDIT & RISK COMMITTEE	
	A	B	A	B
Roderick H McGeoch AO*	-	-	6	6
Patrick Handley*	-	-	6	6
Paul Scully*	-	-	6	6
Michael Tobin	6	6	6	6
David Pullini	6	6	6	6

A = Number of meetings attended

B = Number of meetings held during the year whilst committee member held office

\* = Independent members of Investment, Audit and Risk Committee

## Indemnification and insurance of Directors and Officers

During the financial year, the Trustee paid a premium of \$16,978 (2015: \$16,978) in relation to insurance cover for Vantage Asset Management Pty Limited and its Directors and officers.

Under VPEG 2B's trust deed, Vantage Asset Management Pty Limited, may indemnify the investment committee member out of VPEG 2B's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its power, duties or rights in relation to VPEG 2B.

The Trustee indemnifies the directors and officers on a full indemnity basis and to the full extent possible permitted by law against all losses, liabilities, costs charges and expenses incurred by the officer as an officer of the company or by a related body corporate. The company may, to the extent permitted by law, purchase and maintain insurance, and pay or agree to pay a premium of insurance for each officer against any liability incurred by the officer as an officer of the company or a related body corporate including but not limited to a liability for negligence or for reasonable costs and expenses incurred in defending proceedings. In addition, the company and each director have entered into a deed which gives the director a contractual right:

- to an indemnity from the company for liabilities incurred as an officer of the company, to the extent permitted by the Corporations Act;
- to directors' and officers' insurance cover, as permitted in the Corporations Act, for the period that each director is a director of the company and for 7 years after that director ceases to hold office; and
- to access documents and records of the company both while the director is a director of the company and after that director ceases to hold office for the purposes expressly permitted by the deed.

# TRUSTEE AND MANAGERS' REPORT

## Proceedings on behalf of the Fund

No person has applied to the Court to bring proceedings on behalf of the Trustee or intervene in any proceedings to which the Trustee is a party for the purpose of taking responsibility on behalf of the Trustee for all or any part of those proceedings.

The Trustee was not a party to any such proceedings during the year.

This report has been made in accordance with a resolution of the directors.



Michael Tobin,  
Managing Director

31 October 2016



David Pullini,  
Director



# CONTENTS

> <b>Financial statements</b>	<b>15</b>
Statement of Profit or Loss and other Comprehensive Income	<b>16</b>
Statement of Financial Position	<b>17</b>
Statement of Changes in Equity	<b>18</b>
Statement of Cash Flows	<b>19</b>
Notes to the financial statements	<b>20</b>
> <b>Directors' declaration of the Trustee Company</b>	<b>29</b>
> <b>Independent auditor's report to the Unitholders</b>	<b>30</b>

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
<b>Investment income</b>			
Distribution income	2	9,634	-
Interest income		209,881	208,783
<b>Total investment income</b>		<b>219,515</b>	<b>208,783</b>
<b>Operating Expenses</b>			
Accountancy Fees		(12,013)	(5,125)
Audit Fees - 2016		(7,445)	-
Audit Fees - 2015		(7,445)	-
Broker Commissions		-	(62,893)
Investment Administration Fees		(5,100)	-
Investment Committee Fees		(50,812)	(46,532)
Establishment Costs		-	(6,946)
Management Fees		(135,913)	(122,795)
Registry Fees		(4,104)	(3,706)
Other expenses		(189)	(121)
<b>Total expenses before finance cost</b>		<b>(223,021)</b>	<b>(248,118)</b>
<b>Profit / (loss) from operating activities</b>		<b>(3,506)</b>	<b>(39,335)</b>
<b>Profit / (loss) for the year</b>		<b>(3,506)</b>	<b>(39,335)</b>
<b>Other Comprehensive Income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net unrealised movements in reserves upon revaluation of available for sale investments	8	434,360	(92,407)
<b>Other comprehensive income / (loss) for the year</b>		<b>434,360</b>	<b>(92,407)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>430,854</b>	<b>(131,742)</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2016

	NOTES	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	<b>6,738,415</b>	8,217,059
Receivables	4	<b>60,959</b>	47,884
<b>Total Current Assets</b>		<b>6,799,374</b>	8,264,943
<b>Non-Current Assets</b>			
Investments	5	<b>2,298,178</b>	396,614
<b>Total Non-Current Assets</b>		<b>2,298,178</b>	396,614
<b>Total Assets</b>		<b>9,097,552</b>	8,661,557
<b>Current Liabilities</b>			
Creditors	6	<b>28,979</b>	23,838
<b>Total Current Liabilities</b>		<b>28,979</b>	23,838
<b>Total Liabilities</b>		<b>28,979</b>	23,838
<b>Net Assets</b>		<b>9,068,573</b>	8,637,719
<b>Net Assets Attributable To Unitholders</b>			
Issued units	7	<b>8,904,052</b>	8,904,052
Reserves	8	<b>341,953</b>	(92,407)
Accumulated income / (losses)	9	<b>(177,432)</b>	(173,926)
<b>Total Equity</b>	6	<b>9,068,573</b>	8,637,719

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	ISSUED UNITS \$	RETAINED EARNINGS \$	ASSET REVALUATION RESERVE \$	TOTAL \$
<b>Balance at 1 July 2015</b>		5,067,410	(134,591)	-	4,932,819
Transactions with unitholders, in their capacity as unitholders					
Units issued during the year		3,836,642	-	-	3,836,642
<b>Total transactions with unitholders</b>		3,836,642	-	-	3,836,642
<b>Comprehensive Income</b>					
Loss for the year		-	(39,335)	-	(39,335)
Other comprehensive income / loss		-	-	(92,407)	(92,407)
<b>Total comprehensive income / (loss) for the year attributable to unitholders</b>		-	<b>(39,335)</b>	<b>(92,407)</b>	<b>(131,742)</b>
<b>Balance at 30 June 2015</b>		8,904,052	(173,926)	(92,407)	8,637,719
<b>Comprehensive Income</b>					
Loss for the year		-	(3,506)	-	(3,506)
Other comprehensive income / loss		-	-	434,360	434,360
Total comprehensive income / (loss) for the year attributable to Unitholders		-	(3,506)	434,360	434,360
<b>Balance at 30 June 2016</b>		<b>8,904,052</b>	<b>(177,432)</b>	<b>341,953</b>	<b>9,068,573</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Income distributions received		9,634	-
Interest received		196,806	170,881
Expenses paid		(217,880)	(237,520)
<b>Net cash used in operating activities</b>	11	<b>(11,440)</b>	<b>(66,639)</b>
<b>Cash flows from investing activities</b>			
Payments to acquire financial assets		(1,467,204)	(489,021)
<b>Net cash used in investing activities</b>		<b>(1,467,204)</b>	<b>(489,021)</b>
<b>Cash flows from unitholders' activities</b>			
Proceeds from calls on partly paid units		-	3,836,642
<b>Net cash from Unitholders' activities</b>		<b>-</b>	<b>3,836,642</b>
Net decrease in cash and cash equivalents		(1,478,644)	3,280,982
Cash and cash equivalents at beginning of the year		8,217,059	4,936,077
<b>Cash and cash equivalents at end of the year</b>	3	<b>6,738,415</b>	<b>8,217,059</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

## **Note 1 Statement of Significant Accounting Policies**

### *Financial reporting framework*

Vantage Private Equity Growth Trust 2B (“the Fund”) is not a reporting entity as in the opinion of the directors of Vantage Asset Management Pty Limited (“the Trustee”) as there are unlikely to exist any users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the reporting requirements under the Fund’s Constitution.

### *Statement of Compliance*

This special purpose financial report has been prepared in accordance with the Fund’s Constitution, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations and the disclosure requirements of Accounting Standards AASB 101 “Presentation of Financial Statements”, AASB 108 “Accounting Policies, Changes in Accounting Estimates and Errors”, AASB 107 “Statement of Cash Flows” and AASB 1054 “Australian Additional Disclosures”. The disclosure requirements of other accounting standards have not been adopted in full. AASB 127 “Consolidated and Separate Financial Statements” has not been adopted in preparation of this special purpose financial report.

### *Basis of Preparation*

The financial report is prepared on an accruals basis and is based on historical costs, except for the revaluation of certain financial instruments which are carried at their fair values. Cost is based on the fair value of the consideration given in exchange for assets. The Fund is a for-profit entity for the purpose of preparing the financial statements.

### *Standards and Interpretations issued not yet adopted*

The trust has not applied any Australian Accounting Standards that have been issued as at balance date but are not yet operative for the year ended 30 June 2016. There are no effects resulting from any changes to accounting standards applicable to the trust for the current year.

The trust has not applied any Australian Accounting Standards that have been issued as at balance date but are not yet operative for the year ended 30 June 2016. There are no effects resulting from any changes to accounting standards applicable to the trust for the current year.

## Note 1 Statement of Significant Accounting Policies (continued)

	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
<b>Standard/Interpretation</b>		
AASB 9 'Financial Instruments', and the relevant amending standards*	1 January 2017	30 June 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5	1 January 2017	30 June 2018

\* The AASB has issued the following versions of AASB 9 and the relevant amending standards;

- AASB 9 'Financial Instruments' (December 2014) and AASB 2014-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).
- AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 and AASB 2015-8 Effective Date of AASB 15.

The directors are currently assessing the impact of these standards.

### Adoption of new and revised Accounting Standards

Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these new and revised Standards and Interpretations has not had any significant impact on the amounts reported in these financial statements.

### Significant accounting policies

Significant accounting policies adopted in the preparation of the financial statements are set out below. Accounting policies have been consistently applied to the period presented, unless otherwise stated.

#### (a) Cash and cash equivalents

Cash comprises cash at banks and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (b) Revenue

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Trust distributions are recognised as revenue when the right to receive payment is established. Distribution income includes capital gains arising from the disposal of investments. Unrealised gains and losses are transferred to reserves and are not assessable or distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2016

### **Note 1 Statement of Significant Accounting Policies (continued)**

#### **(c) Investments**

##### **Available for sale investments**

he Fund has investments in the interests of unit trusts that are not traded in an active market. Investments are classified as available for sale financial assets and are stated at fair value. Fair value is based on the net asset backing of units in the trusts at balance date.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, which are recognised in profit or loss.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. Dividends on available for sale investments are recognised in profit or loss where the Fund's right to receive the dividend has been established.

#### **(d) Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each balance date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. With the exception of available for sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

An available for sale asset is considered impaired where it is subject to a significant or prolonged decline in value below cost whereby all efforts by the manager have been made to turn around the operations of the underlying investment and termination of the investment is certain.

In respect of available for sale investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.



## **Note 1 Statement of Significant Accounting Policies (continued)**

### **(e) Expenses**

Expenses are brought to account on an accruals basis.

### **(f) Distributions and Taxation**

Under current legislation, the Fund is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the investors.

The Fund fully distributes its distributable income, calculated in accordance with Vantage Private Equity Growth Trust 2B's constitution and applicable taxation legislation and any other amounts determined by the Trustee, to unitholders by cash or reinvestment.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any future realised capital gain. If realised capital gains exceed realised capital losses the excess is distributed to the unitholders.

The benefits of imputation credits are passed on to unitholders.

### **(g) Trade and Other Receivables**

Trade and other receivables are measured at amortised cost less any impairment.

### **(h) Finance costs**

Income distributions paid and payable on units are recognised in the profit and loss as finance costs and as a liability where not paid. Distributions paid are included in cash flows from operating activities in the statement of cash flows.

### **(i) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodial services and investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2016

### **Note 1 Statement of Significant Accounting Policies (continued)**

#### **(j) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### **(k) Foreign Currency Transactions**

Both the functional and presentation of the Fund is Australian dollars.

Monetary assets and liabilities dominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Investments held in foreign trusts are initially recorded in the functional currency at the exchange rate ruling at the date of transaction. Any subsequent effects of exchange rate fluctuations are treated as part of the fair value adjustment.

#### **(l) Critical Accounting Estimates and Judgments**

In the application of the Fund's accounting policies, the trustee is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

##### **(a) Fair value of financial instruments**

The valuation of investments is based upon the net assets attributable to interest holders as noted in the investee funds' audited financial statements. Each investee fund will select an appropriate valuation technique for financial instruments that are not quoted in an active market. This valuation is based upon a fair estimation of values (which are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, market volatility, investment stage, estimated cashflows etc.) as determined by the Manager of the investees.

## Note 2 Revenue and Other Income

	2016 \$	2015 \$
<b>Distribution income</b>		
— interest income - equalisation interest	9,634	-
Total distribution income	<u>9,634</u>	<u>-</u>

a) Equalisation interest was received following final close of Next Capital Fund III.

## Note 3 Cash and Cash Equivalents

	2016 \$	2015 \$
Cash at bank	45,927	856,849
Term deposits	6,692,488	7,360,210
	<u>6,738,415</u>	<u>8,217,059</u>

### Reconciliation of cash follows:

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	<u>6,738,415</u>	<u>8,217,059</u>
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## Note 4 Receivables

	2016 \$	2015 \$
<b>Current</b>		
GST Receivable	5,664	27,920
Interest receivable	55,295	19,964
<b>Total other receivables</b>	<u>60,959</u>	<u>47,884</u>

## Note 5 Other Financial Assets

	2016 \$	2015 \$
<b>Non-Current</b>		
Units in Unlisted Trust at cost:		
— Allegro Fund II	456,354	250,000
— Mercury Capital Fund 2	384,000	36,000
— Next Capital Fund III	540,000	203,021
— CHAMP IV	550,000	-
— Waterman 3	25,871	-
Accumulated Portfolio Revaluation	341,953	(92,407)
	<u>2,298,178</u>	<u>396,614</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2016

### Note 5 Other Financial Assets (continued)

Vantage Private Equity Growth Trust 2B (VPEG 2B) has committed capital to foreign investments amounting to NZ\$965,000 in New Zealand. VPEG2B has entered into a forward exchange contract with Westpac Group Limited (WBC) to protect the Trust from an adverse effect on its portfolio resulting in changes from exchange rates. The contract expires on 5th May 2017 at which date VPEG2B will review its risk management strategy.

### Note 6 Creditors

	NOTE	2016 \$	2015 \$
<b>Current</b>			
Accounts payable		18,179	23,838
Other creditors and accruals		10,800	-
		<b>28,979</b>	<b>23,838</b>

### Note 7 Issued Units

	NUMBER OF UNITS	2016 \$	2015 \$
Units Issued	8,847,838	8,904,052	8,904,052

No additional units were issued during the year.

All interests in VPEG2B are of the same class and carry equal rights. Under VPEG 2B's trust deed, each interest represents a right to an individual share in VPEG 2B and does not extend to a right to the underlying assets of VPEG 2B.

### Note 8 Investment Revaluation Reserve

	2016 \$	2015 \$
Investment Revaluation Reserve	341,953	(92,407)

#### a) Movement in reserves

Opening balance	(92,407)	-
Net revaluation increments / (decrements)	434,360	(92,407)
Closing balance	341,953	(92,407)

The asset revaluation reserve represents accumulated gains and losses arising on the revaluation of available for sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

## Note 9 Accumulated Income / (Losses)

	2016 \$	2015 \$
Accumulated income / (losses)	<u>(177,432)</u>	<u>(173,926)</u>
<b>a) Movement in accumulated income / (losses)</b>		
Opening balance	(173,926)	(134,591)
Net operating income / (loss) for the year	<u>(3,506)</u>	<u>(39,335)</u>
Closing balance	<u>(177,432)</u>	<u>(173,926)</u>

The asset revaluation reserve represents accumulated gains and losses arising on the revaluation of available for sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

## Note 10 Contingent Liabilities and Contingent Assets

### *Contingent Liabilities*

There are no contingent liabilities requiring disclosure in the financial report.

### *Contingent Assets*

There are no contingent assets requiring disclosure in the financial report.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2016

### Note 11 Notes to the Statement of Cash Flows

	2016 \$	2015 \$
<b>a) Reconciliation of profit or loss for the period to net cash flows from operating activities</b>		
Net operating profit / (loss) for the year	<b>(3,506)</b>	(39,335)
Changes in Assets and Liabilities:		
(Increase)/decrease in receivables	<b>(13,075)</b>	(37,902)
Increase/(decrease) in creditors	<b>5,141</b>	10,598
Cash flow from operations	<b>(11,440)</b>	(66,639)

### Note 12 Events After the Balance Sheet Date

There have not been any other matters or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect, the results of those operations of the Fund in future financial years.

### Note 13 Trustee and Manager Details

The registered office and principal place of business of Vantage Asset Management Pty Ltd is:

Level 25  
Aurora Place  
88 Phillip Place  
SYDNEY NSW 2000

# DIRECTORS' DECLARATION OF THE TRUSTEE COMPANY

As detailed in note 1 to the financial statements, the Fund is not a reporting entity because in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the directors' reporting requirements under the Fund's Constitution.

The directors' of Vantage Asset Management Pty Limited also declare that:

- (a) in the directors' opinion, the attached financial statements and notes, as set out on pages 16 to 28, present fairly the Fund's financial position as at 30 June 2016 and of its performance for the year ended on that date and comply with accounting standards to the extent disclosed in Note 1 to the financial statements;
- (b) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors' of the Trustee Vantage Asset Management Pty Limited.



Michael Tobin  
Director



David Pullini  
Director

Dated this 31st day of October 2016  
Sydney

# AUDIT REPORT



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## Independent auditor's report to the unitholders of Vantage Private Equity Growth Trust 2B

We have audited the accompanying special purpose financial report of Vantage Private Equity Growth Trust 2B, which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of the trust are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the financial reporting requirements of the Trust Deed and is appropriate to meet the needs of the unitholders. The directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

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### Opinion

In our opinion the financial report is prepared, in all material respects, in accordance with the accounting policies described in Note 1 to the financial report.

### Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial is prepared to assist Vantage Private Equity Growth Trust 2B to meet the requirements of the Trust Deed. As a result the financial report may not be suitable for another purpose.

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young', is located below the text of the Basis of Accounting section.

Ernst & Young  
Sydney  
31 October 2016

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