

VANTAGE PRIVATE EQUITY GROWTH 2

VPEG2A & VPEG2B
DECEMBER 2017
QUARTERLY REPORT

TABLE OF CONTENTS

- 2 SUMMARY
- 3 PERFORMANCE
- 4 KEY PORTFOLIO DEVELOPMENTS
- 5 OVERVIEW OF NEW INVESTMENTS
- 7 PORTFOLIO STRUCTURE
- 8 PRIVATE EQUITY PORTFOLIO

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.

SPECIAL POINTS OF INTEREST

CHAMP IV ACQUIRES INFRASTRUCTURE CONSUMABLES SUPPLIER, JAYBRO GROUP AND INVESTS IN RECEIVABLES MANAGEMENT COMPANY PANTHERA FINANCE

ADAMANTEM CAPITAL FUND 1 ACQUIRES CONTROLLING INTEREST IN PREMIUM HORSE FEED PRODUCER, HYGAIN HOLDINGS

MERCURY CAPITAL FUND 2 ACQUIRES A MAJORITY SHAREHOLDING IN INTERNATIONAL VOLUNTEER HQ LIMITED

NEXT CAPITAL FUND III ANNOUNCES THE ACQUISITION OF ARTISANAL COMMERCIAL BAKERY, NOISETTE BAKERY

VPEG2 PAYS DISTRIBUTION TO ALL UNIT HOLDERS FOLLOWING THE SALE OF INFINITE AGED CARE BY NEXT CAPITAL FUND III

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 has made \$51.1m* of commitments across eight Private Equity funds and completed one co-investment. As a result VPEG2, currently holds interests in 33 underlying company investments. As at 31 December 2017, VPEG2's investment commitments include; \$10m to Adamantem Capital Fund 1; \$8m to each of CHAMP IV, Next Capital Fund III and Odyssey Private Equity Fund 8; \$6m to Allegro Fund II, \$5m to Mercury Capital Fund 2, NZ\$4m to Waterman Fund 3, NZ\$2m to Pencarrow Bridge Fund and a \$0.5m co-investment with Yorkway Partners in Fitzpatrick Financial Group.

* Assumes an average AUD / NZ exchange rate 1.07 for VPEG2's investment commitments to Waterman Fund 3 & the Pencarrow Bridge Fund.

PERFORMANCE

VPEG2 PAYS DISTRIBUTION TO ALL UNIT HOLDERS FOLLOWING THE SALE OF INFINITE AGED CARE BY NEXT CAPITAL FUND III.

The period 1 October to 31 December 2017 saw continued growth in VPEG2's portfolio of Private Equity investments.

During the period, five new Private Equity investments were added to VPEG2's Private Equity portfolio.

During the December quarter, seven capital calls were made on VPEG2, by underlying funds with the majority of these calls required to fund the acquisition of five new underlying private equity company investments.

Month Ending	VPEG2A Paid Capital / Partly Paid Unit (\$)	VPEG2A NAV / Partly Paid Unit (\$)
31-Dec-17	0.69	0.656
30-Nov-17	0.63	0.555
31-Oct-17	0.51	0.487
30-Sep-17	0.51	0.495

The first table to the right provides a summary of the performance of VPEG2A's portfolio during the December 2017 quarter. As demonstrated, VPEG2A's Net Asset Value (NAV) increased from \$0.495 per partly paid unit at 30 September 2017 to \$0.656 per partly paid unit at 31 December 2017. Additionally, Paid Capital from VPEG2A unit holders increased from \$0.51 to \$0.69 per partly paid unit. Also during the quarter, VPEG2A unit holders received a distribution of \$0.045 per partly paid unit, which partially offset Capital Calls made during the quarter, resulting from the sale of Infinite Aged Care by Next Capital Fund III, increasing the cumulative distributions paid to VPEG2A unitholders to \$0.105 per partly paid unit.

Month Ending	VPEG2B NAV / Fully Paid Unit (\$)
31-Dec-17	1.031
30-Nov-17	1.035
31-Oct-17	1.042
30-Sep-17	1.051

The second table to the right provides a summary of the performance of VPEG2B's NAV per unit during the December 2017 quarter.

As demonstrated, VPEG2B's NAV decreased slightly during the quarter from \$1.051 to \$1.031 per unit, primarily due to the \$0.046 per unit distribution paid to Unit Holders resulting from the sale of Infinite Aged Care. As at 31 December 2017 total distributions that have been paid to VPEG2B unitholders were \$0.125 per unit.

KEY PORTFOLIO DEVELOPMENTS

FIVE NEW INVESTMENTS ANNOUNCED / COMPLETED DURING THE QUARTER, BRINGING THE TOTAL OF UNDERLYING COMPANY INVESTMENTS IN VPEG2'S PORTFOLIO TO 33.

During the December 2017 quarter, VPEG2 continued to grow its underlying Private Equity portfolio. Draw downs during the quarter from VPEG2, totaling \$5,188,777 were made to Allegro Fund II ('Allegro II'), Adamantem Capital Fund 1 ('Adamantem 1'), CHAMP IV ('CHAMP IV'), Mercury Capital Fund 2 ('Mercury 2'), Next Capital Fund III ('Next III') and Odyssey Private Equity Fund 8 ('Odyssey 8'),

The majority of these draw downs were used to fund VPEG2's share of five new underlying company investments, completed during the quarter with the remaining capital called to fund additional working capital requirements of underlying funds.

In November 2017, Adamantem Capital Fund 1 invested in Hygain Holdings, a premium Australian horse feed producer established in 1983

Also during November 2017, Mercury Capital Fund 2 acquired a majority shareholding in International Volunteer HQ Limited ('IVHQ'), the global leader in Volunteer Tourism.

In December 2017, CHAMP IV added two new underlying company investments to their portfolio, which included Jaybro Group, a National supplier of consumables and Panthera Finance Pty Ltd, Australia's largest privately-owned receivables management company.

Also in December 2017, Next Capital Fund III announced the acquisition of Noisette Bakery, a Melbourne based artisanal commercial bakery, with the investment completed in early January 2018.

Finally, During the December 2017 quarter, Next Capital III completed the sale of portfolio company Infinite Aged Care to Moelis Australia (as reported in the VPEG2 September Quarter Report). As a result, VPEG2 received distributions during the quarter totaling \$1,631,131 representing VPEG2's share of the sale proceeds of the Infinite Aged Care exit.

KEY PORTFOLIO DEVELOPMENTS (CONTINUED)

The proceeds from this exit were distributed to all VPEG2 Unit Holders during November and December 2017. VPEG2A investors received a non-cash distribution of 4.5 cents per partly paid unit which was directed to settle, in part, Capital Call No. 11 as per the notice sent to all VPEG2A investors dated 20 November 2017. In addition, VPEG2B investors received a distribution of 4.6 cents per unit during December 2017.

With eight investments completed by Allegro II, six by each of Next III and CHAMP IV, four by Mercury 2, three by each of Pencarrow and Waterman 3, two by Adamantem Capital Fund 1 and one co-investment in Fitzpatrick Financial Group, the total number of underlying Private Equity company investments completed within VPEG2's portfolio as at 31 December 2017 was 33.

OVERVIEW OF NEW INVESTMENTS

INTERNATIONAL VOLUNTEER HQ LIMITED - MERCURY CAPITAL FUND 2



**INTERNATIONAL
VOLUNTEER HQ**

During November 2017, Mercury 2 announced that it had acquired a majority share of International Volunteer HQ Limited ('IVHQ'), the global leader in Volunteer Tourism.

IVHQ was established by Daniel Radcliffe in 2007 and has since grown to be the market leader in a highly-fragmented sector with 34% share of the global market. It provides impactful and affordable volunteer abroad programs to approximately 18,000 volunteers each year and has placed over 80,000 volunteers since 2007. IVHQ offers a broad product range with more than 200 projects in fields of childcare, teaching, medical and construction across 43 programs in 34 countries.

IVHQ's customer base aligns itself with the company's digital approach to marketing to provide younger travellers affordable, experiential and socially conscious travel options.

IVHQ's affordability of pricing is a key competitive advantage due to price sensitivity of its customer base. Recent investment in IT and marketing capabilities also provides a scalable platform for future growth.



JAYBRO GROUP - CHAMP IV

On 12 December 2017, CHAMP IV acquired Jaybro Group a supplier of consumables in Australia and New Zealand, specialising in direct to site delivery for mid to large sized civil infrastructure and construction contractors.

Jaybro was founded in Sydney in 1996 by Steve Joyce and with over 20 years of history, the business has established a reputation in the infrastructure consumables sector that has made it synonymous with quality, reliability and first class customer service.

Since the establishment of the Brisbane branch in 2010 (the first site outside of Sydney), the management of Jaybro have built the business through both organic and inorganic growth.

Currently the company has four distribution centers and seven warehouse facilities across Australia & New Zealand. The introduction of world class systems, processes, people and a number of initiatives has made Jaybro a market leading infrastructure consumables supplier In Australia.

PANTHERA FINANCE - CHAMP IV



On 22 December 2017, CHAMP IV invested in Panthera Financial, Australia's largest privately-owned receivables management company.

Founded in 2005 by brothers Matthew and Jamie Hough and headquartered in Brisbane, Panthera Finance is a debt ledger acquisition and debt collection company that buys receivables off the likes of the big four banks and utilities providers such as Telstra. Banks are increasingly looking to sell receivables in an effort to lighten the load on their own balance sheets and release capital, and as a result, Panthera is expected to grow its business, to capitalise on these market dynamics.

NOISETTE BAKERY - NEXT CAPITAL FUND III



During December 2017, Next Capital Fund III announced the acquisition of Noisette Bakery ("Noisette"), a Melbourne based artisanal commercial bakery.

Noisette is Victoria's largest wholesale artisanal baker, supplying 1,350 customers throughout Melbourne and regional Victoria. The Business sells a range of cakes and pastries (predominantly croissants) to a diversified range of customers while also operating two retail sites in port Melbourne and Bentleigh. The Business was originally founded by two partners, Gary Geremia and David Menard, who remain in the Business as CEO and COO respectively.

Noisette has a unique baking and production process, balancing manual handmade steps and automated processes, allowing it to provide a quality artisanal product across 250 SKUs. The wholesale business operates one of the largest baked fresh daily operations in Australia, running 24/7 from a 2,800 square metre production facility in Dandenong, Victoria. Approximately 95% of the product is baked to order, with customers having until 4.00pm to adjust their standing orders for the following day.

PORTFOLIO STRUCTURE

VPEG2's Portfolio Structure - 31 December 2017

The tables and charts below provide information on the breakdown of VPEG2's investments as at 31 December 2017.

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.

VPEG2A			
Cash	Fixed Interest	Private Equity	
		6.3%	2.0%
		Buyout	64.4%

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.

VPEG2B			
Cash	Fixed Interest	Private Equity	
		34.5%	2.3%
		Buyout	45.3%

PRIVATE EQUITY PORTFOLIO

VPEG2, with commitments to eight Private Equity funds, ultimately held interests in 33 underlying company investments, including one co-investment, at quarter end. As a result, VPEG2's Private Equity portfolio and commitments, as at 31 December 2017, were as follows:

Private Equity Fund Name	Fund / Deal 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	\$265m	2014	Small to Mid Market Expansion / Buyout	\$6.0m	\$2.0m	\$3.65m	\$1.21m	6	1
Allegro Fund II	\$180m	2014	Small to Mid Market Expansion / Buyout	\$4.0m	\$2.0m	\$2.68m	\$1.34m	8	1
Mercury Capital Fund 2	\$300m	2015	Small to Mid Market Expansion / Buyout	\$3.8m	\$1.2m	\$2.09m	\$0.66m	4	0
CHAMP IV	\$735m	2016	Mid Market Buyout	\$6.0m	\$2.0m	\$3.43m	\$1.14m	6	0
Waterman Fund 3	NZ\$200m	2016	Small to Mid Market Expansion / Buyout	NZ\$3.0m	NZ\$1.0m	\$1.35m	\$0.43m	3	0
Pencarrow Bridge Fund	NZ\$80m	2016	Small to Mid Market Expansion / Buyout	NZ\$1.5m	NZ\$0.5m	\$0.92m	\$0.30m	3	0
Adamantem Capital Fund 1	\$600m*	2017	Mid Market Expansion / Buyout	\$7.6m	\$2.4m	\$1.85m	\$0.59m	2	0
Odyssey Fund 8	\$275m	2017	Mid Market Expansion / Buyout	\$6.0m	\$2.0m	\$0.12m	\$0.04m	0	0
Co-Invest 1 (Fitzpatricks Financial Group)	\$200m	2017	Mid Market Expansion	\$0.4m	\$0.1m	\$0.40m	\$0.13m	1	0
Total **				\$38.0m	\$13.1m	\$16.49m	\$5.8m	33	2

PRIVATE EQUITY PORTFOLIO

Summary of VPEG2's Underlying Private Equity Portfolio investments

The table below provides an overview of the top 10 underlying private equity investments within VPEG2's portfolio, for which funds had been drawn from VPEG2 (on a pro rata basis across both trusts A & B), as at 31 December 2017.

Rank	Investment	Fund	Description	% of VPEG2's Private Equity Investments	Cumulative %
1	Pepperstone	CHAMP IV	Online retail investment platform	8.9%	8.9%
2	Lynch Group	Next Capital III	Flower and potted plant operator	6.1%	15.0%
3	Funlab	Next Capital III	Developer & operator of entertainment & leisure venues	6.1%	21.0%
4	Hygain Holdings Pty Ltd	Adamantem 1	Horse feed & supplement manufacturer & distributor	5.9%	26.9%
5	Strait Shipping Ltd	CHAMP IV	New Zealand logistics group	5.0%	31.9%
6	Carpet Court NZ	Allegro Fund II	Carpet retailer	4.6%	36.6%
7	Forest Coach Lines	Next Capital III	Urban bus fleet owner and operator	4.1%	40.6%
8	Nexus Day Hospitals	Mercury Capital 2	Day hospital owner and operator	4.0%	44.6%
9	Dutton Group	CHAMP IV	Used car wholesaler of prestigious vehicles	4.0%	48.6%
10	Jaybro Group	CHAMP IV	Infrastructure project - supplier of consumables	4.0%	52.6%

PRIVATE EQUITY PORTFOLIO (CONTINUED)

INDUSTRY SPREAD OF VPEG2'S UNDERLYING INVESTMENTS

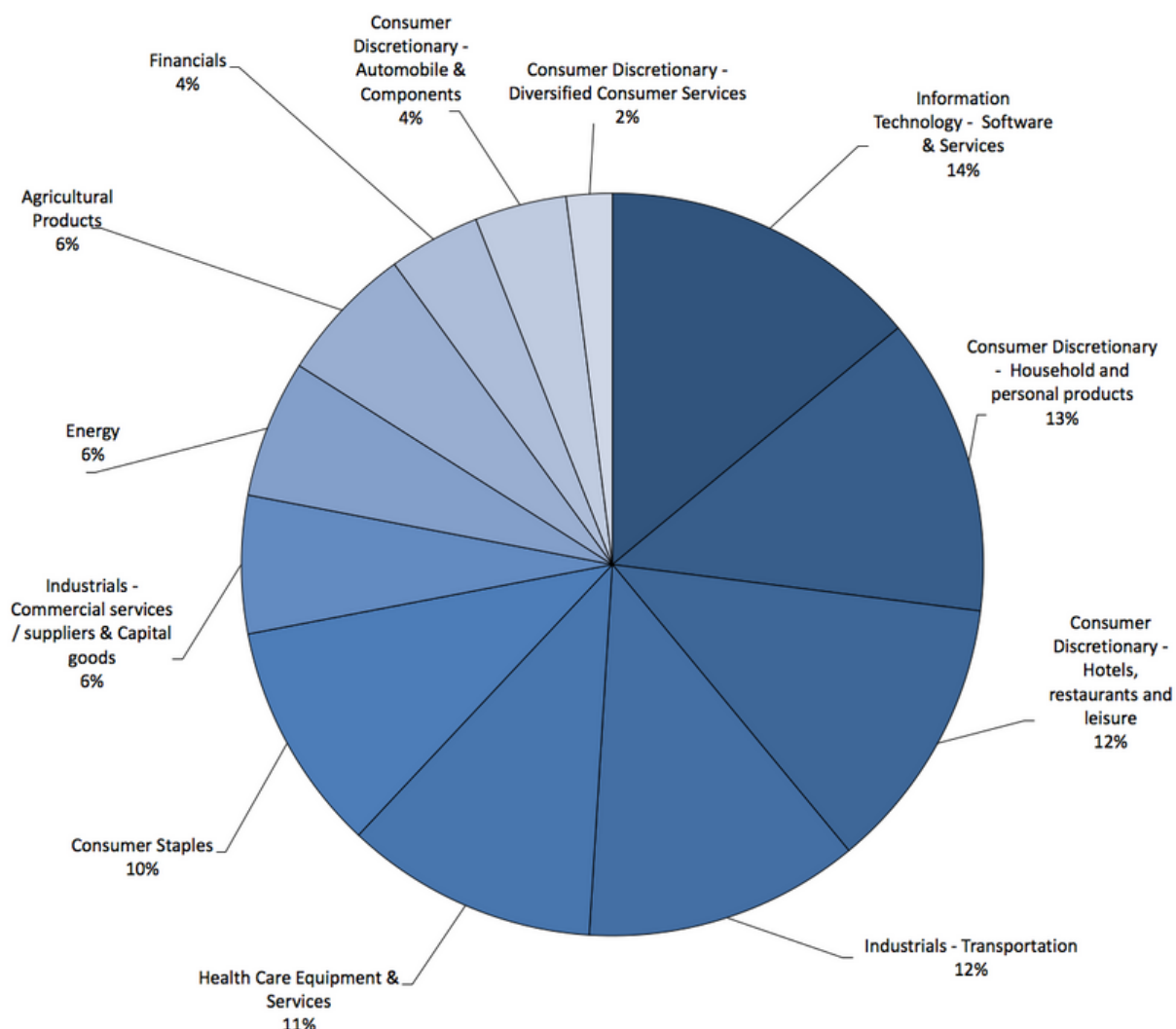
The completion during the quarter of the Hygain Holdings investment by VPEG2 investee Adamantem I, increased VPEG2's exposure to the "Agricultural Products" sector from 0% to 6%.

In addition, the acquisition of Jaybro Group by VPEG2 investee CHAMP IV, increased VPEG2's exposure to the Industrials - Commercial services and suppliers" sector from 3% to 6%

Furthermore, the acquisition of Noisette Bakery by VPEG2 investee Next III, increased VPEG2's exposure to the "Consumer Staples" sector from 6% to 10%.

Finally, the sale of Infinite Aged Care by VPEG2 investee Next III resulted in a reduction in VPEG2's exposure to the "Health Care Equipment & Services" sector from 19% to 11%.

The "Information Technology - Software & Services" sector is currently VPEG2's largest industry exposure, representing 14% of the total Private Equity Portfolio as at 31 December 2017.



CONTACT DETAILS

VANTAGE PRIVATE EQUITY GROWTH 2 (TRUSTS A & B)

Level 25, Aurora Place
88 Phillip street
Sydney NSW, 2000
Australia

Email: investor@vantageasset.com
Website: www.vpeg2.info

VANTAGE ASSET MANAGEMENT PTY LIMITED

Managing Director - Michael Tobin
Phone: +612 8211 0477
Fax: +612 8211 0555
Email: info@vantageasset.com
Website: www.vantageasset.com