QUARTERLY REPORT

VANTAGE PRIVATE EQUITY SECONDARIES OPPORTUNITIES FUND

QUARTERLY INVESTOR REPORT
30 SEPTEMBER 2023

vantage
Asset Management

VPESO - DIVERSIFY. GROW. OUTPERFORM.

TABLE OF CONTENTS

IMPORTANT INFORMATION

SUMMARY

During July 2021, Vantage Asset Management Pty Limited (Vantage) established the Vantage Private Equity Secondaries Opportunities Fund (VPESO or the Fund) an open ended wholesale, Australian unit trust, structured as a Managed Investment Trust (MIT). The Fund was established to provide sophisticated investors with exposure to a highly diversified portfolio of Australian and New Zealand lower to mid-market secondary and co-investment private equity opportunities.

VPESO's investment strategy is focused on secondary private equity and co-investments in the lower to mid-market. This segment of private equity focuses on investments into profitable businesses with proven products and services. These businesses typically have a strong market position and generate strong cash flows, which will allow the Fund to generate strong consistent returns to investors, while significantly reducing the risk of a loss within the portfolio.

To achieve the Fund's investment objective, VPESO will acquire direct secondary positions in existing Private Equity funds, acquire existing interests in Vantage Private Equity Growth Fund series funds as well as invest in selective co-investment opportunities and other preferred equity opportunities in target Private Equity funds.

As at 30 September 2023, a total of $32,714,156[1.] of the Fund's capital had been utilised to acquire interests in Advent Partners 2, Anchorage Capital Partners Fund III, Growth Fund III, Vantage Private Equity Growth 3, Vantage Private Equity Growth 4, LP and Genesis Capital Fund I. VPESO also has three co-investment commitments, which include $2 million to each of Gull New Zealand, alongside Allegro Fund IV, and Compare Club, alongside Next Capital Fund IV, and a $1 million co-investment commitment to Pac Trading, alongside Adamantem Environmental Opportunities Fund. As a result, VPESO ultimately held interests and commitments in 91 unique underlying company investments at quarter end.

1. Excludes underlying portfolio companies in VPEG2B which in total represent less than 0.1% of VPESO's total investment portfolio

SPECIAL POINTS OF INTEREST

VPESO completes the secondary acquisition of a $6 million investment commitment in the Growth Fund III, a 2016 vintage year fund focused on investing in the lower to middle market buyout segment in Australia and New Zealand

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VPESO's Net Asset Value increases by 7.95% across the September 2023 quarter

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VPESO maintains its high performance as the portfolio matures, with the Fund delivering a net of fees annual return of 14.34% p.a. since inception to 30 September 2023

PERFORMANCE

During the period 1 July 2023 to 30 September 2023, VPESO continued the build-out its secondary private equity portfolio, completing the secondary acquisition of a $6 million investment commitment in the Growth Fund III, a 2016 vintage year fund focused on investing into the lower to middle market buyout segment in Australia and New Zealand. In addition, VPESO also completed an initial secondary acquisition of interests in Vantage Private Equity Growth Fund 4, LP, a 2019 vintage year Australian Fund of Funds.

As a result of these secondary acquisitions and other obligations of the Fund, the Fund completed an additional capital raise of $9,565,994 resulting in the issuance of 8,339,996 additional Units in VPESO.

Drawdowns during the quarter from VPESO, totalling $7,385,111 were paid to acquire the Growth Fund III and Vantage Private Equity Growth 4 assets from existing investors in those funds, as well as to meet a capital call issued by Advent Partners 2, and to pay the Fund's share of the Co-investment No. 3 in Pac Trading. A majority of the capital paid by the Fund during the quarter was for the secondary acquisitions of Growth Fund III and Vantage Private Equity Growth Fund 4, as well as for VPESO's share of the Fund's co-investment commitment to Pac Trading. The remaining capital was called to fund management fees and working capital requirements by Advent Partners 2.

In addition, VPESO also received distributions totalling $869,600 from the Advent Partners 2 Fund. This distribution resulted from the debt refinance and recapitalisation of the underlying portfolio company Medtech across the period.

The table below provides a summary of the performance of the Fund's portfolio during the September 2023 quarter. As demonstrated, VPESO's Net Asset Value increased 7.95% across the quarter from $1.207 per Unit at 30 June 2023 to $1.303 per Unit as at 30 September 2023 (NAV's quoted are pre the FY23 distribution paid during October 2023).. The increase in VPESO's NAV across the quarter was due to VPESO acquiring the secondary interests in Growth Fund III and Vantage Private Equity Growth Fund 4 at a discount to the 31 July 2023 NAV of each of these Funds.

Following the end of the 2023 financial year, a cash distribution of $1,347,408 ($0.057 per unit) was declared and paid by the Trustee of VPESO, representing the net taxable income of VPESO for the financial year ended 30 June 2023. The distribution was paid on 23rd October 2023, to all unitholders in VPESO who were on the register as at 30 June 2023.

VPESO Performance	1 mth	3 mth	6 mth	1 yr	Total Gain Since Inception	IRR Since Inception p.a.	Inception date	Net Asset Value
as at 30-Sep-23	8.76%	7.95%	12.33%	15.41%	33.30%	14.34%	27-Jul-21	$1.303

Note; Performance returns detailed above are net of all fees.

PORTFOLIO DEVELOPMENTS

Across the September 2023 quarter, VPESO completed the secondary acquisition of commitments in a direct underlying private equity fund as well as acquiring interests in an Australian Fund of Funds. In addition, VPESO's underlying managers made further progress in the selldown of each fund's respective underlying portfolios, with the partial sale of one portfolio company during the quarter.

VPESO's secondary investment activity during the quarter included;

- The completion of the secondary acquisition of 6,000,000 Units in the Growth Fund III, a 2016 vintage year fund focused on investing in the lower to middle market buyout segment in Australia and New Zealand, with $450 million investment commitments invested across 12 portfolio companies.
- Acquired an initial $0.5 million in Vantage Private Equity Growth 4, LP an Australian Fund of Funds with $172.5 million in investment commitments, committed across 7 primary private equity funds and 6 co-investments.

In July 2023, VPEG3 investee Allegro Fund III announced the sale of Endeavour Learning Group to UP Education, a Pacific Equity Partners ("PEP") portfolio company. UP Education is a large, diversified market-leading multi-sector education group that delivers Vocational Education and training, Higher Education, University Partnerships and Online Education across Australasia.

As at quarter end, VPESO had ultimately committed to and invested in 91 unique underlying company investments with 11 exits completed (partially or fully realised) from the underlying funds.

VPESO's investment team is conducting early-stage due diligence on several active opportunities that align with the Fund's investment mandate. If successful in acquiring these secondary opportunities, the investment portfolio will further grow as additional transactions are completed across the next 6 to 12 months.

OVERVIEW OF NEW SECONDARY ACQUISITION

THE GROWTH FUND

During the September 2023 quarter, VPESO completed the secondary acquisition of a $6 million investment commitment and the underlying investments in the Growth Fund III.

The Growth Fund III, managed by Sydney, Australia based firm The Growth Fund Pty Ltd, led by Craig Cartner, Tim Spencer, Scott Greck and Jose Matosantos is a 2016 vintage year fund with $450 million in commitments focused on investing into the lower to mid-market buyout sector in Australia and New Zealand in companies that have enterprise values of generally between $20 million to $150 million.

The Growth Fund was established under the ownership of Archer Capital through the creation of the lower to middle market buyout focused fund in 2006. In 2013 The Growth Fund Pty Ltd was established and is now operationally and economically independent of Archer Capital and is led by its Managing Partners.

The Growth Fund III's investment strategy focuses on middle-market sized companies that have the potential for growth and value creation. The success of the firm can be attributed to its expertise in identifying and investing in businesses with strong growth potential, while also providing management support to enable the businesses to achieve their growth objectives. The firm's investment philosophy is centred on building long-term partnerships with its portfolio companies, which enables the firm to provide the support and guidance required for sustained growth.

At the time of acquisition, the Growth Fund III had completed 12 investments, of which 1 portfolio company had been sold. The following table provides a summary of Growth Fund III's remaining portfolio of investments.

The Growth Fund III		
Portfolio Company	Logo	Description
Fitness Passport	FITNESS passport.	Fitness programme provider
Askin Panels	ASKIN	Manufacturer and installer of insulated panels
ROYAN GROUP	ROYAN	Heavy vehicle repairer
Guest Group	guestHIRE	Display home furniture styling and rental
Quantum Radiology	QUANTUM RADIOLOGY	Diagnostic Imaging Service Provider
AFS Logistics	AFS LOGISTICS	Technology enabled 4PL services
Best Health		Medication management software and hardware
Black Mount	BLACK MOUNT Natural Springwater	Spring water supplier and carter
M&J Chickens	M & J CHICKENS	Value add poultry processor
Cosette	COSETTE	Online multi-brand Designer store
Plan B	PLAN.B	Information Communications and Technology business providing continuity solutions

VANTAGE PRIVATE EQUITY GROWTH 4, LP

Vantage Private Equity Growth 4 (VPEG4) is a multi-manager Private Equity investment fund consisting of Vantage Private Equity Growth 4, LP (VPEG4, LP) an Australian Fund of Funds (AFOF) Limited Partnership and Vantage Private Equity Growth Trust 4A (VPEG4A) an Australian Unit Trust, established to undertake private equity investments that are not permitted to made by an AFOF, in accordance with Australian regulations.

VPEG4 commenced investing in 2019 and invests the majority of its Investment Portfolio into top quartile performing Australian based private equity funds who in turn are focused on investing into lower to mid-market sized companies headquartered in Australia and New Zealand, with enterprise values of generally between $25 million and $250 million at investment.

VPEG4 has developed a diversified portfolio of underlying investments by investing into seven underlying private equity funds in which it has made investment commitments, who in turn are focused on investments into profitable companies in defensive and growth industry sectors including the Healthcare, Consumer Staple, Information Technology and Agricultural Products. As at 30 September 2023, VPEG4 had committed $172.5 million across seven Primary Private Equity Funds and six co-investments with four of these co-investments held by VPEG4A.

VPEG4's investment commitments include; $30 million to each of Allegro Fund IV, Advent Partners 3, CPE Capital 9 and Anchorage Capital Partners Fund IV, $20 million to Potentia Capital Fund II and $10 million to each of Riverside Australia Fund III and Adamantem Capital Fund II. VPEG4's co-investments include $2 million in each of EventsAir and Integrated Control Technology (ICT) that are held in VPEG4, LP as well as a further $8.5 million in four other co-investments that are held in VPEG4A.

VPESO's acquisition of the VPEG4 interests from an existing VPEG4, LP investor only included the assets of VPEG4, LP as those selling investors did not hold units in VPEG4A. As such, only the investments held by VPEG4, LP at the time of purchase were added to VPESO's portfolio. As a result, a total of 19 underlying company investments exist within the VPEG4, LP portfolio at quarter end.

OVERVIEW OF ANNOUNCED EXIT

ENDEAVOUR LEARNING GROUP – VPEG3 INVESTEE ALLEGRO FUND III

In July 2023, VPEG3 investee Allegro Fund III announced the sale of Endeavour Learning Group to UP Education, a Pacific Equity Partners ("PEP") portfolio company. UP Education is a large, diversified market-leading multi-sector education group that delivers Vocational Education and training, Higher Education, University Partnerships and Online Education across Australasia.

ENDEAVOUR
College of
Natural Health

Acquired in 2018, Endeavour was the second investment in Allegro Fund III and since investment Allegro successfully implemented a number of transformational changes, including separating it from its UK-based parent, establishing a local team and capability, launching new courses and significantly increasing the quality of the digital learning experience.

UP Education operates in Australia and New Zealand, educating approximately 23,000 students each year across 50 campuses and 19 cities with approximately 1,200 employees. The UP Group is led by a capable management team and has more than tripled earnings since PEP acquired the business in 2016. Since PEP acquired the business, UP has made 12 bolt-on acquisitions, and Endeavour represents an attractive strategic fit for UP given its market leadership in natural health higher education and national campus network.

The sale involves Endeavour being merged into the larger UP business, with Allegro Fund III rolling the proceeds of sale into UP's holdco shares, alongside PEP and its existing investors.

PORTFOLIO STRUCTURE

VPESO's PORTFOLIO STRUCTURE - 30 SEPTEMBER 2023

The tables and charts below provide information on the breakdown of VPESO's investments as at 30 September 2023.

CURRENT INVESTMENT ALLOCATION

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

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

VPESO			
Cash	Fixed Interest Investments	Private Equity	
0.0%	22.7%	Later Expansion	37.5%
		Buyout	39.8%

PRIVATE EQUITY PORTFOLIO

VPESO, with commitments to four direct Private Equity funds, two fund of funds and three co-investments, has ultimately committed to and invested in 91 underlying company investments at quarter end, with eleven exits completed to date. As a result, VPESO's Private Equity portfolio and commitments, as at 30 September 2023, were as follows;

Acquisition	Fund Size	Vintage Year	Investment Focus	VPESO Acquired Commitment	Paid-in Capital	Total No. of Investee Companies	No. of Exits
Advent Partners 2 Fund	$300m	2017	Mid Market Expansion / Buyout	$10.0m	$9.04m	7	1
Anchorage Capital Partners Fund III	$360m	2017	Mid Market Expansion / Buyout	$5.0m	$4.94m	5	2
Vantage Private Equity Growth 3	$67.5m	2019	Fund of Funds - Lower to Mid Market Growth / Buyout / Turnaround	$6.20m	$4.98m	50	10
Genesis Capital Fund I	$190m	2020	Lower to Mid Market Growth / Buyout	$1.00m	$0.35m	7	0
The Growth Fund III	$450m	2017	Mid Market Expansion / Buyout	$6.00m	$5.38m	12	1
Vantage Private Equity Growth 4	$179.4m	2021	Fund of Funds - Lower to Mid Market Growth / Buyout / Turnaround	$0.50m	$0.09m	19	0
Co-investment No. 1 (Gull New Zealand)	$500m	2022	Mid Market Special Situations	$2.00m	$2.00m	1	0
Co-invesment No. 2 (Compare Club)	$62m	2022	Lower to Mid Market Growth Capital / Buyout	$2.00m	$2.00m	1	0
Co-investment No. 3 (Pac Trading)	$71m	2023	Lower to Mid Market Growth Capital / Buyout	$1.00m	$1.02m	1	0
			Total[2.]	**$33.70m**	**$29.80m**	**91**	**11**

Note; Total No. of Investee Companies and No. of Exits excludes duplicates.

[2.] Excludes small holdings acquired for less than $50k each of VPEG2B and Catalyst Buyout Fund 2

SUMMARY OF VPESO’s UNDERLYING PRIVATE EQUITY INVESTMENTS

The table below provides a summary of the top ten underlying private equity investments in VPESO’s portfolio for which capital had been called from VPESO as at 30 September 2023.

Rank	Underlying Investment	Fund	Description	% of VPESO’s Private Equity Investments	Cumulative %
1	**Fitness Passport**	Growth Fund III	Fitness program provider	10.8%	10.8%
2	**Compass Education**	Advent Partners 2 Fund	Student Information System Software / Services Provider	8.4%	19.2%
3	**Medtech**	Advent Partners 2 Fund	Provider of Practice Management Software	7.9%	27.0%
4	**Gull New Zealand**	Co-investment No.1	New Zealand petroleum distribution company and petrol station chain.	6.0%	33.0%
5	**Compare Club**	Co-investment No.2	Personal finance marketplace	5.7%	38.7%
6	**GBST Wealth Management**	Anchorage Capital Partners Fund III	Financial services technology provider to the global wealth market	5.6%	44.2%
7	**Imaging Associates**	Advent Partners 2 Fund	Diagnostic Imaging Service Provider	5.3%	49.6%
8	**Flintfox**	Advent Partners 2 Fund	Developer of Trade Revenue Management Software	4.7%	54.2%
9	**Askin Panels**	Growth Fund III	Manufacturer and installer of insulated panels	4.5%	58.8%
10	**Zero Latency**	Advent Partners 2 Fund	Virtual Reality Gaming Attraction	3.9%	62.7%

INDUSTRY SPREAD OF VPESO'S UNDERLYING INVESTMENTS

The chart below provides a breakdown of the industry spread of VPESO's underlying portfolio as at 30 September 2023.

As demonstrated by the chart VPESO's exposure to the "Information Technology – Software & Services" industry sector, represents the Fund's largest industry sector exposure at 29.63% of VPESO's total portfolio at quarter end.

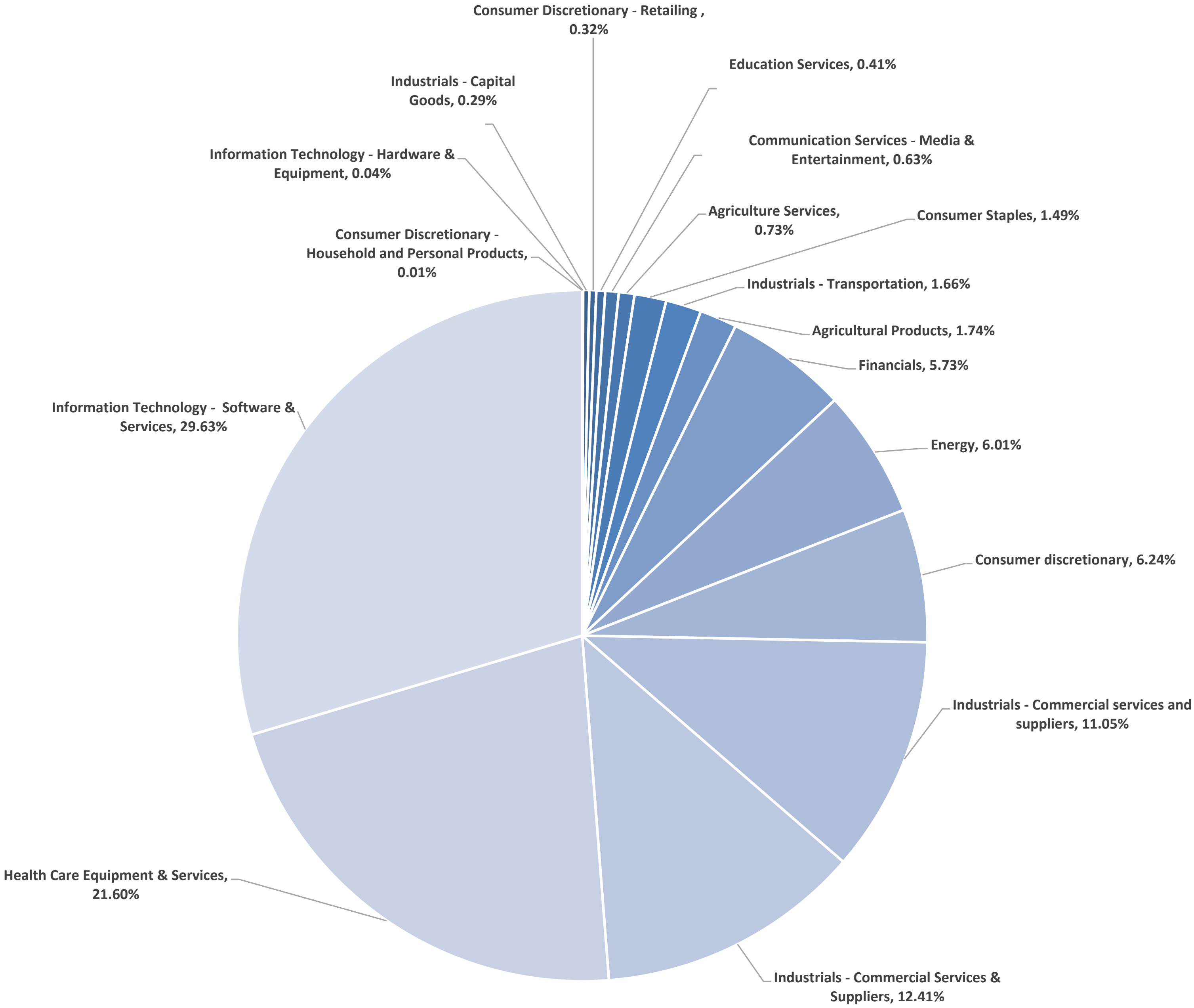

Figure: Industry exposure of VPESO's underlying investments

MARKET & ECONOMIC UPDATE

While not devoid of its challenges, the outlook for both Australia and New Zealand appears positive. Covid-related issues seem to have become a thing of the past, with both economies displaying their resilience. A modest number of residual pandemic issues remain, manifesting as some supply chain problems and a weakness in commercial real estate caused by hybrid work practices. These are being addressed as a matter of routine.

In contrast to the United States, both countries have functioning democratic processes. In mid-October, Australia held a national and somewhat controversial referendum related to Aboriginal rights. Simultaneously, New Zealand held a general election. The campaigns leading up to these events were not without emotion, and the results did not necessarily align with expectations. Nevertheless, there was no civil unrest following the outcomes, and the losing parties in both countries accepted the results.

Geopolitically, the near-term outlook is somewhat mixed. Australia and New Zealand have managed to avoid direct repercussions from the conflict in Ukraine and have arguably benefited from the ongoing strength in food and agricultural exports, as well as energy shipments.

The geopolitical outlook and relationship with China pose a more pressing challenge due to its role as a major trading partner, its more assertive regional stance, and its obvious proximity. New Zealand has managed its relationship with China more adeptly than Australia and consequently enjoys a more positive rapport. With a significant shift towards right-wing politics and a change of government, New Zealand's approach to dealing with China may be less accommodating than it was under the previous NZ Labour government. The acid test of this will come if New Zealand follows Australia into regional defence alliances.

China remains Australia's most substantial near-term challenge from both a political and trade perspective. Australia's new government is making gradual progress, but it faces a slow pace of change, with forward steps often accompanied by sidesteps or even reversals. On a positive note, Chinese Australian journalist Cheng Lei was recently released from Chinese detention after three years of incarceration on questionable charges.

On the negative side of the ledger, the removal of trade sanctions against various Australian exports has taken longer than anticipated. While an agreement regarding wine exports seems to have been reached, it was not a straightforward process. At the eleventh hour, the Chinese government attempted to link the release of Australian wine imports with the removal of anti-dumping actions brought by Australian Customs against various Chinese steel products. There was no direct or evident connection between the two industries, but the Chinese government opportunistically sought to improve their position.

While the medium-term trend in inflation appears positive, recent short-term fluctuations in Australian inflation figures and employment statistics in both countries are causes for concern. Both countries are currently experiencing full employment and tight labour markets. Core inflation remains relatively high, prompting both central banks to consider the possibility of further interest rate hikes. Even if such rate increases do not materialize, there is a broad consensus that it will be some time before interest rate reductions become a topic of discussion. Any additional rise in energy costs, whether in the form of oil or gas, could further exacerbate the situation.

With New Zealand's overnight cash rate set at 5.5%, interest rates in the country remain higher than those in most other developed nations worldwide. In contrast, the RBA has taken a slightly more measured approach, with current rates at 4.1%. However, in its most recent meeting, the RBA expressed ongoing concerns about inflation and hinted at the possibility of a rate increase when it convenes in November. This more moderate stance on interest rates appears to have helped avert the housing and credit crises that some people had predicted. The residential real estate market in Australia remains stronger than expected but has not experienced the same level of exuberance as seen in New Zealand.

There is always a degree of risk that the growth forecasts for both countries may fall short of expectations. Factors that could contribute to such a scenario include the resurgence of inflation, possibly linked to higher oil prices. A greater risk likely stems from unforeseen geopolitical events or, indeed, from a "black swan" event.

Should any of these circumstances occur, it is worth noting that both countries have operational democratic processes, relatively modest debt-to-GDP ratios (especially when compared to many other developed economies), and robust banking systems, providing some level of comfort.

AUSTRALIA AND NEW ZEALAND CURRENT PRIVATE EQUITY CONDITIONS

Private equity activity in Australia continues to move at a moderate pace, though there was a slight increase during the September quarter. Nine acquisitions were either announced or completed in various sectors, including financial services, retail, healthcare, and software. Notable deals involved three transitions from public to private ownership in the large-cap sector. Additionally, nine exits were announced or completed during the same quarter.

The initial public offering (IPO) market remains largely inaccessible for most transactions. Concerns persist regarding a decelerating economic environment and shrinking profit margins, with the full cost impacts of inflation unable to be passed on to customers. There is a growing emphasis on the prospects of consumer discretionary companies that grapple with both cost inflation and dwindling consumer confidence. Local investment banks are streamlining their equity capital markets and deal teams in anticipation of a prolonged period of reduced market activity.

Debt markets, on the other hand, remain open and continue to attract interest from commercial banks and credit funds seeking appropriate levels of leverage. However, a discernible "risk-off" approach is observable among the major trading banks, and this trend may manifest further in the upcoming months.

The improved economic outlook and the narrowing gap between General Partner reported NAVs and mark-to-market NAVs have not yet resulted in significantly higher secondary pricing. Most strategies are observed to be trading sideways. On average, buyers continue to insist on discounts across Private Equity Strategies. The modest decline can be attributed to an increased supply of tail-end funds (i.e., pre-2013 vintages), which are pricing relatively weaker amid a prolonged slowdown in the distribution rate.

Younger vintages with some unfunded capital (net of outstanding fund-level leverage) are commanding higher prices as buyers seek multiple uplifts at lower entry valuations. Buyers continue to prefer high-quality PE managers invested in companies with robust operational performance in defensive sectors such as business/industrial services, education, healthcare, and software/technology. It is anticipated that pricing for PE funds will experience moderate improvement as the valuation gap between public and private markets closes, and decreasing inflation leads to a relaxation of monetary policy.

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