

QUARTERLY REPORT

VANTAGE PRIVATE EQUITY GROWTH 4

QUARTERLY INVESTOR REPORT
31 MARCH 2022

VPEG4 DIVERSIFY
GROW
OUTPERFORM



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IMPORTANT INFORMATION

This report has been prepared by Vantage Private Equity Management Partnership, LP, an authorised representative of Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 ('VAM') (in its capacity as Investment Manager of Vantage Private Equity Growth 4, LP). 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.

SUMMARY

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. VPEG4, LP is unconditionally registered with the Australian Government Department of Industry, Innovation and Science as a complying investment for the Significant Investor Visa (SIV), focused on investing in the lowest risk sector, of the Venture Capital or Private Equity (VCPE) segment, Growth Private Equity.

VPEG4A has been established to undertake private equity investments that are not permitted to be made by an AFOF, in accordance with Australian regulations. As such only VPEG4 Investors that are not SIV investors, are unit holders in VPEG4A. VPEG4A also qualifies as a Managed Investment Trust (MIT) for Australian Tax purposes.

VPEG4 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 term returns from its Private Equity investments while keeping the volatility of the overall investment portfolio low. This will be achieved by investing across a highly diversified portfolio of Private Equity assets, particularly profitable companies with proven products and services, with diversification obtained by allocating across fund manager, financing stage, industry sector, geographic region and Vintage Year.

VPEG4 will invest the majority of its Investment Portfolio into 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 value of between \$25m and \$250m at investment. VPEG4 will develop a diversified portfolio of underlying investments by investing into between 6 to 8 underlying Private Equity funds, focused on investments into profitable companies in growth industry sectors including the Health Care, Consumer, Industrials, Information Technology and Agricultural Products sectors.

As at 31 March 2022, VPEG4 has made a total of \$146 million of investment commitments across six Primary Private Equity funds and three co-investments. As a result, 13 unique underlying company investments exist within VPEG4's underlying portfolio at quarter end. 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 and \$10 million to each of Riverside Australia Fund III and Adamantem Capital Fund II. VPEG4's co-investments includes a \$2 million investment in Imaging Associates Group (IAG), \$2 million commitment into Gull New Zealand and a \$2 million commitment to EventsAir.

SPECIAL POINTS OF INTEREST

VPEG4 commits \$30 million to Mid Market Special Situation and Turnaround specialist Anchorage Capital Partners Fund IV

VPEG4 investment committee approves a \$2 million co-investment alongside Allegro Fund IV into Gull New Zealand, a leading independent fuel distributor and retailer in New Zealand

VPEG4 investment committee approves a \$2 million co-investment alongside Riverside Australia Fund III into EventsAir, a leading provider of events management software for in-person, virtual and hybrid events

As at 31 March 2022, VPEG4 has made a total of \$146 million of investment commitments across six Primary Private Equity funds and three co-investments. As a result, thirteen unique underlying company investments exist within VPEG4's underlying portfolio

PERFORMANCE

During the period 1 January 2022 to 31 March 2022, a total of \$34 million in additional private equity commitments were approved by the VPEG4 investment committee. In addition, one new underlying portfolio company was announced during the quarter. The new investment was announced by the Advent Partners 3 Fund. As a result, VPEG4's underlying portfolio comprised of thirteen unique company investments at quarter end.

As at 31 March 2022, VPEG4 had called 15% of investors Committed Capital (Capital Calls No. 1 & 2) to fund the required calls from underlying Private Equity Funds for the Fund's share of eleven of the thirteen unique company investments completed to date and added to VPEG4's portfolio.

As new underlying company investments are acquired by VPEG4's managers, the Fund will be obligated to pay for its share of these underlying investments as they are completed. As a result, VPEG4 issued capital calls No. 3 to investors totalling 8% of investors committed capital (3% capital call by VPEG4, LP and 5% Capital call by VPEG4A), to Fund the new underlying company investments that will be completed during the June 2022 quarter.

KEY PORTFOLIO DEVELOPMENTS

Across the March 2022 quarter, VPEG4 continued its private equity investment program receiving Investment Committee approval to make investment commitments to one new primary private equity fund and two co-investments. In addition, one new underlying company investment was announced during the period by Advent Partners 3 Fund. Also during the quarter, one bolt on acquisition was completed by an existing underlying portfolio company to increase the scale of that business.

During the quarter, VPEG4 completed an investment commitment of \$30 million to Anchorage Capital Fund IV (ACPF IV) managed by Sydney, Australia based mid-market special situations and turnaround manager Anchorage Capital Partners.

In addition to the \$30 million commitment, the VPEG4 Investment Committee also approved two co-investment commitments to the following investments;

- A \$2 million co-investment commitment alongside Allegro Fund IV into Gull New Zealand, a leading independent fuel distributor and retailer in New Zealand with a prominent challenger brand through its network of 112 fuel sites across the country, and;
- A \$2 million co-investment commitment alongside Riverside Australia Fund III into EventsAir, a leading provider of events management software for in-person, virtual and hybrid events,

In February 2022, VPEG4 investee CPE Capital 9 portfolio company Adventure Online completed the bolt-on acquisition of Bikebug, a leading Australian outlet for performance road cycling enthusiasts, with a strong online e-commerce presence and five retail stores. The acquisition further broadens Adventure Online's customer base and product offering, making it one of the leading retailers in the cycling industry.

During March 2022, Advent Partners 3 Fund announced the investment into Integrated Control Technology (ICT), a leading niche global provider of high-quality electronic access control and security solutions for residential and commercial properties. This investment represents Advent Partners 3's first company investment for that fund.

Drawdowns during the quarter from VPEG4, totalling \$2,215,003, were paid to underlying fund Allegro Fund IV and to fund the co-investment with Riverside Australia Fund III into EventsAir.

The calls were paid to fund the co-investment acquisition along with the working capital and due diligence costs incurred in completing new investments.

VPEG4's managers' continue to report that there are several interesting potential investment opportunities that meet their investment criteria. VPEG4's underlying managers remain actively engaged in late-stage due diligence and negotiations on a number of potential investment opportunities, which when completed, will be added to VPEG4's portfolio.

VPEG4's underlying managers are also starting to entertain purchase offers for those companies within their portfolios that have achieved their investment thesis. As a result we expect that the first exits from VPEG4's underlying portfolio could be achieved during the 2022 calendar year.

OVERVIEW OF NEW UNDERLYING COMMITMENT

ANCHORAGE CAPITAL PARTNERS FUND IV

In February 2022, Vantage Private Equity Growth 4 completed a \$30 million investment commitment to Anchorage Capital Partners Fund IV (ACF IV).



Anchorage Capital Partners Fund IV, is managed by Anchorage Capital Partners (www.anchoragecapital.com.au) of Sydney, Australia. ACF IV is a (target) \$500 million special situations and turnaround fund targeting investment into businesses with enterprise values between \$50 million and \$350 million located in Australia and New Zealand.

Anchorage Capital Partners Pty Limited ("Anchorage" or "the Firm") was formed in 2007 by Phillip Cave and Daniel Wong as a dedicated private equity special situations manager. The Firm is now very much established in sourcing and managing a large volume of potential transactions benefiting from increasingly attractive opportunities in the 'Special Situations' and 'Turnaround' investment segment.

Over the Past fifteen years the firm has experienced a significant strengthening of its management team. The Firm's Partners include one of the original founders, Phillip Cave, as well as Simon Woodhouse, Callen O'Brien and Beau Dixon, (collectively referred to as "Managing Directors"). The Managing Directors each have over 20 years of experience in private equity, as well as direct commercial experience in management, strategy formulation, finance, accounting and operations.

OVERVIEW OF NEW CO-INVESTMENTS

GULL NEW ZEALAND / ALLEGRO FUND IV

During February 2022, VPEG4's Investment Committee approved a \$2 million co-investment alongside Allegro Fund IV into Gull New Zealand.



Established in 1998, Gull is a leading New Zealand independent fuel distributor and retailer with a network of 112 primarily unmanned fuel stations and a 91ML fuel import Terminal in Mount Maunganui.

On 14 March 2022, Ampol Limited (ASX:ALD) released a market statement notifying shareholders of the agreement of the sale of its Gull Business to Allegro Funds Pty Ltd. Key points of the transaction include;

- Ampol has entered into a binding agreement with Allegro Funds Pty Ltd (Allegro) through a transaction vehicle entity for the sale of its Gull business in New Zealand (Gull)
- The offer price represents an enterprise value of NZ\$572 million which will result in the realisation of net cash proceeds of approximately NZ\$509 million

- The transaction is subject to conditions, comprising New Zealand Commerce Commission (NZCC) approving Allegro as the purchaser of Gull, Overseas Investment Office (OIO) approval and Ampol successfully completing the acquisition of Z Energy Limited (Z Energy)
- Ampol's acquisition of Z Energy is still subject to NZCC clearance, OIO approval and the Z Energy shareholder vote

Under the terms of the sale, Allegro will acquire 100% of Gull for net cash proceeds of approximately NZ\$509 million as well as the assumption by Allegro of approximately \$63 million of leases and debt like items. Under the sale arrangement, Ampol has committed to a five-year fuel supply agreement with Gull as requested by Allegro, subject to annual price reviews and termination rights.

Gull is a much-loved brand by Kiwi motorists and is known for its low-cost fuel offering and customer first focus. Under Allegro ownership, management intend to invest in Gull's growth and maintain its commitment to best value fuel, underpinning what's known in NZ as the "Gull effect" – the localised price drop trend which occurs across competitors following Gull's introduction into a new geographic location.

EVENTSAIR / RIVERSIDE AUSTRALIA FUND III

During February 2022, VPEG4's Investment Committee approved a \$2 million co-investment alongside Riverside Australia Fund III into EventsAir.



Founded in 1987, EventsAIR is a leading provider of events management software for in-person, virtual and hybrid events. The Company is one of the most comprehensive event management platforms that is trusted by event professionals around the world.

Designed by event planners for event planners, the EventsAIR platform gives its users the ability to manage their event, conference, meeting or function with ease. From the most important task to the smallest detail, every aspect is covered, including; Communications, Event Websites, Registrations, Travel & Accommodation, Onsite Tools, Mobile Attendee Apps, Speaker, Exhibitor and Sponsor Management, to Budgeting and Reporting. Built on the highly secure and scalable Microsoft Azure cloud-based platform, users have total control of their event anywhere anytime in real time across all devices.

EventsAIR has been used by professional conference organisers and event planners around the world supporting medium to large scale events including Industry Associations, Corporate Events, Government Conferences, University faculties, plus a range of global events - Olympics, G20, APEC, Rugby World Cup, Commonwealth Games and many more.

OVERVIEW OF NEW UNDERLYING INVESTMENT

INTEGRATED CONTROL TECHNOLOGIES (ICT) – ADVENT PARTNERS FUND 3

During March 2022, Advent Partners Fund 3 announced an investment in Integrated Control Technology (ICT), a leading niche global provider of high quality electronic access control and security solutions for residential and commercial properties.



Founded in 2003, ICT has grown to become a global provider of access control solutions, with majority of the company's revenue generated from exports to the US, Canada, Europe and Australia. ICT's solutions includes best-of-breed hardware products such as controllers, card readers and keypads, with extensive functionality enabled by its proprietary software and third-party integrations.

ICT's products are manufactured in-house at its head office in Auckland, New Zealand, and it employs ~230 staff, including an R&D team of ~75 staff based in Auckland. Despite established competitors in the market, ICT has been able to differentiate through its deep integrations with legacy products, extensive functionality, interoperability with third party products, and highly attractive price point. Overall, the business has traded well through COVID-19 given its geographically diverse footprint and strong market tailwinds

PORTFOLIO STRUCTURE

VPEG4's PORTFOLIO STRUCTURE - 31 MARCH 2022

The tables and charts below provide information on the breakdown of VPEG4's investments as at 31 March 2022.

CURRENT INVESTMENT ALLOCATION

The following table provides the percentage split of each of the VPEG4's 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 VPEG4's Private Equity portfolio.

VPEG4 Portfolio Breakdown			
Cash	Fixed Interest Investments	Private Equity	
23.8%	0.3%	Later Expansion	49.1%
		Buyout	26.9%

PRIVATE EQUITY PORTFOLIO

The table below provides a summary of VPEG4's Private Equity commitments and completed or announced investments as at 31 March 2022.

Private Equity Fund Name	Fund / Deal Size	Vintage Year	Investment Focus	VPEG4 Commitment	Capital Drawn Down	Total No. of Investee Companies
Riverside Australia Fund III	\$350m	2019	Lower to Mid Market Expansion / Buyout	\$10.0m	\$6.53m	6
CPE Capital 9	*\$800m	2020	Mid Market Buyout	\$30.0m	\$4.55m	2
Adamantem Capital Fund II	\$727m	2020	Mid Market Expansion / Buyout	\$10.0m	\$2.22m	2
Advent Partners Fund 3 Fund	*\$500m	2021	Lower to Mid Market Expansion / Buyout	\$30.0m	-	1
Allegro Fund IV	*\$600m	2021	Mid Market Turnaround	\$30.0m	-	1
Anchorage Capital Partners Fund IV	*\$500m	2022	Mid Market Special Situation & Turnaround	\$30.0m	-	-
Co-invest No.1 (Imaging Associates Group)	\$52m	2021	Lower to Mid Market Growth Expansion	\$2.0m	\$2.04m	1
Co-invest No.2 (Gull New Zealand)	~\$500m	2022	Mid Market Special Situation	\$2.0m	-	1
Co-invest No.3 (EventsAir)	~\$100m	2022	Lower to Mid Market Expansion / Buyout	\$2.0m	\$2.0m	1
Total				\$146.0m	\$17.34m	13**

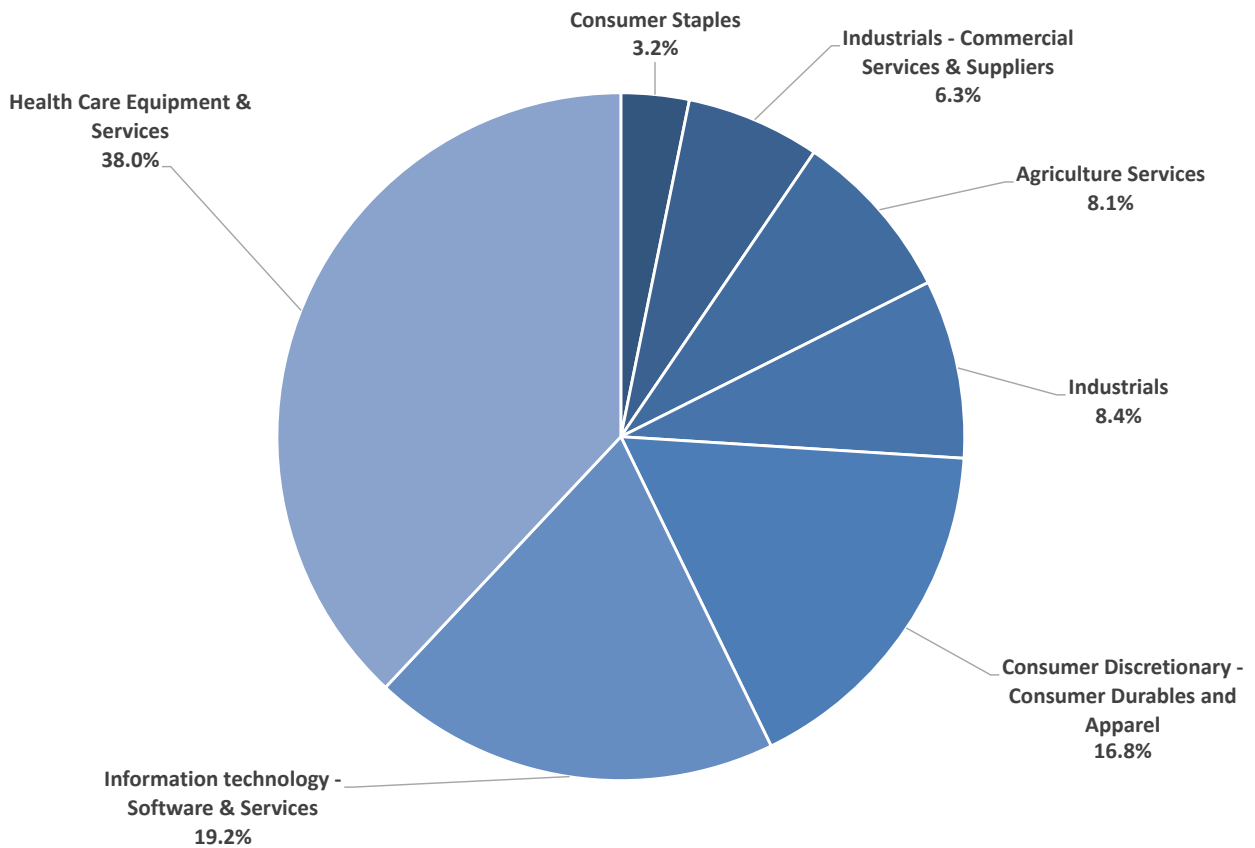
* Target Fund size

** Excluding Duplicates

INDUSTRY SPREAD OF VPEG4’s UNDERLYING INVESTMENTS

As a result of the new co-investment into EventsAIR, VPEG4’s exposure to the ‘Information technology – Software & Services’ industry sector increased by 13.2% to 19.2% during the quarter.

VPEG4’s exposure to the “Healthcare Equipment & Services” industry sector, which consists of Independent Living Specialists, Altius Group, Smartways Logistics, Avance Clinical and Imaging Associates Group represents VPEG4’s largest industry sector exposure representing 38.0% of VPEG4’s total Private Equity portfolio at March quarter end.



Figure; Industry exposure of VPEG4’s underlying investments as at 31 March 2022.

MARKET & ECONOMIC UPDATE

Although there are many macroeconomic shocks rolling around the globe and Australia has challenges to overcome, overall the Australian economy has more positives than negatives compared to most countries. The picture in New Zealand is similar although more muted. The current COVID outbreak is the most significant and most disruptive that New Zealand has experienced during the pandemic, and it is expected that growth will lag Australia for the rest of this year.

Notwithstanding this, there are positive indicators that the Australian economy has considerable prospects for a strong expansion for the remainder of the 2022 calendar year. Output is forecast to expand by 5.5% in 2022, including an 8% increase in consumer spending. Also, household wealth has increased strongly since the initial outbreak of COVID-19, with savings accumulating while spending opportunities were constrained by lockdowns. The tail end of the quarter saw a positive recovery in the labour market, with the unemployment rate, which peaked at 7.4% in mid-2020, set to move below 4% for the first time since 1974 and labour force participation at historically high levels. These growth areas will support both consumption and dwelling investment over the period ahead.

The Australian economic recovery was considered by the Reserve Bank of Australia board at its April meeting. The RBA announced a tightening of monetary policy to commence in June 2022 in response to increasing inflation, spurred by drivers across several industries, but primarily by petrol prices and construction costs. Interest rate increases are expected in most months in H2 2022, the quantum of which will be influenced by the rate of rising inflation over the next quarter. Accordingly, while the Australian economy has momentum coming out of a period of restriction and lockdown, future growth will be affected by the RBA's decision making and movements in inflation and interest rates over the rest of the calendar year.

Growth in 2023 is at this stage expected to be below trend at around the 2% level. There are, however, risks to achieving current year performance. Inflation surprised on the upside at 5.1% and will force the hand of the central bank on interest rates.

From an investors perspective, inflation is the macroeconomic factor which is currently top of mind. The Australian statistics are not showing inflation at the same level as the US and markets are not pricing in the same pattern to yield curves. Nevertheless, it seems possible the local economy is experiencing an underlying structural shift that has ramifications for asset selection, portfolio management and capital structures.

The 2021 year was a record year for M&A in Australia underpinned by some very large corporate transactions. A large number of potential opportunities have been looked at by private equity funds, however the completion rate of these transactions has been relatively low and actual activity levels have been relatively muted. However, there was an uptick of activity across the March 2022 quarter, with a number of high quality opportunities within the lower to mid market segment presented to VPEG4's private equity managers. As such, VPEG4's underlying managers are starting to enter into later stage negotiations on a number of transactions, which once completed, will be added to VPEG4's portfolio across the 2022 calendar year.

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