

QUARTERLY REPORT

VANTAGE PRIVATE EQUITY GROWTH 4

QUARTERLY INVESTOR REPORT
30 SEPTEMBER 2022

VPEG4 DIVERSIFY
GROW
OUTPERFORM



TABLE OF CONTENTS

- 3** SUMMARY
- 4** PERFORMANCE
- 5** PORTFOLIO DEVELOPMENTS
- 6** OVERVIEW OF NEW CO-INVESTMENT
- 6** OVERVIEW OF NEW UNDERLYING INVESTMENTS
- 8** PORTFOLIO STRUCTURE
- 11** MARKET & ECONOMIC UPDATE

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 has invested 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 values between \$25m and \$250m at investment. VPEG4's diversified portfolio focuses on investments into profitable companies in growth industry sectors including the Health Care, Consumer, Industrials, Information Technology and Agricultural Products sectors.

As at 30 September 2022, VPEG4 has made a total of \$170 million of investment commitments across seven Primary Private Equity funds and five co-investments. As a result, 18 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, \$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 includes a \$2 million commitment to each of Imaging Associates Group (IAG), Gull New Zealand, EventsAir, Integrated Control Technology (ICT) and Compare Club.

SPECIAL POINTS OF INTEREST

VPEG4 makes a \$2 million co-investment alongside Next Capital into Compare Club, one of Australia's leading personal finance marketplaces, currently offering comparison and brokerage services across health and life insurance, as well as home loan products

Anchorage Capital Partners Fund IV announces the acquisition of Evolve Education Group's New Zealand business Evolve NZ, New Zealand's second largest early childhood education business consisting of a national portfolio of ~105 centres

Adamantem Capital Fund II completes the acquisition of GenesisCare's cardiology business, CardioCo.

As at 30 September 2022, VPEG4 has made a total of \$170 million of investment commitments across seven Primary Private Equity funds and five co-investments. As a result, eighteen unique underlying company investments exist within VPEG4's underlying portfolio.

PERFORMANCE

The period 1 July 2022 to 30 September 2022 saw extensive levels of private equity activity, with the addition of three new underlying investments to the portfolio, two by underlying fund managers and one via co-investment. As a result, VPEG4's underlying portfolio comprised of eighteen unique company investments at quarter end.

Drawdowns during the quarter from VPEG4 totalled \$5,984,757, with the majority of the funds being used to pay for co-investments, including \$2m to the co-investment into Gull NZ alongside Allegro Fund IV, \$2m to the co-investment into Compare Club alongside Next Capital IV and \$1.7m to the co-investment into Integrated Control Technologies alongside Advent Partners 3. The remaining balance was paid to Allegro Fund IV to cover expenses and management fees for the quarter.

As at 30 September 2022, VPEG4 had called 23% of investors Committed Capital (Capital Calls No. 1, 2 & 3) to fund the required calls from underlying Private Equity Funds for the Fund's share of the eighteen completed investments to date.

PORTFOLIO DEVELOPMENTS

Across the September 2022 quarter, two new underlying company investments and one co-investment were either announced or completed, further building out VPEG4's portfolio.

During August 2022, Adamantem Capital Fund II completed the acquisition of CardioCo, the cardiology business of GenesisCare. CardioCo's doctors and support teams deliver vital cardiology services to more than 200,000 patients each year across metropolitan, regional, and remote Australia.

Also during September 2022, Anchorage Capital Partners announced the acquisition of 100% of Evolve Education Group's New Zealand business, "Evolve NZ". Evolve NZ is New Zealand's second largest Early Childhood Education business consisting of a national portfolio of ~105 centres.

Furthermore, VPEG4 continued its private equity investment program receiving Investment Committee approval to make a \$2 million co-investment. The co-investment was made alongside Next Capital Fund IV into Compare Club, one of Australia's leading personal finance marketplaces, currently offering comparison and brokerage services across health insurance, life insurance and home loan products.

As a result, VPEG4 had made \$170 million of investment commitments across seven primary private equity funds and five co-investments at quarter end.

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 across the short to medium term.

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 first half of 2023.

OVERVIEW OF NEW CO-INVESTMENT

COMPARE CLUB / NEXT CAPITAL FUND IV

During September 2022, the Investment Committee of VPEG4 approved a \$2 million co-investment alongside Next Capital Fund IV (a VPEG3 investee) into Compare Club, one of Australia's leading personal finance marketplaces, currently offering comparison and brokerage services across health insurance, life insurance and home loan products.



Originally created in 2017 via the merger of ChooseWell (health insurance sales brokerage business) and Alternative Media (a specialist digital lead generation business), CC has engaged over 3.7 million members over time across its key verticals of health insurance. The business is uniquely positioned in the comparison site marketplace through its data-driven digital marketing and lead generation, and full-service end-to-end conversion and sales capability.

Next Capital are partnering with a high quality management team to organically grow earnings across the business' three key verticals, explore new channel and product offerings and increase marketing capabilities.

OVERVIEW OF NEW UNDERLYING INVESTMENTS

EVOLVE NZ – ANCHORAGE CAPITAL PARTNERS FUND IV

During September 2022, Anchorage Capital Partners announced the acquisition of Evolve Education Group's New Zealand business, "Evolve NZ"



Evolve NZ is New Zealand's second largest Early Childhood Education business consisting of a national portfolio of ~105 centres. The New Zealand Early Childhood Education Sector is an essential service and benefits from strong and growing government support as well as increased workforce participation, rising household income and population growth.

Over the past two and a half years, Evolve's performance has been challenged as a result of being directly impacted by Government-mandated closures in response to COVID-19 and closed borders, leading to teacher shortages and a significant impact to overall centre occupancy.

Anchorage have identified several key growth drivers that provide a clear path to earnings uplift for Evolve, leveraging Anchorage's previous experience in the childcare sector through successfully growing and ultimately selling Affinity Education Group from Anchorage Capital Fund II.

CARDIOCO – ADAMANTEM CAPITAL FUND II

In August 2022, Adamantem Capital Fund II completed the acquisition of CardioCo, a cardiology services business from GenesisCare.

CardioCo is Australia's only national provider of cardiology and sleep services, with a network of more than 100 private practices and a team of 100+ cardiologists and respiratory physicians, and 700+ technicians and support staff. CardioCo's doctors and support teams deliver vital cardiology services to more than 200,000 patients each year across metropolitan, regional, and remote Australia.

CardioCo uses a data-driven operating model, leveraging analytics and technology, with a program of advanced diagnostics and innovation initiatives to achieve the best possible life outcomes for Australian patients.

It's been reported that CardioCo performed two bolt-on acquisitions, using it to expand into Sydney and diagnostics, concurrent to the primary deal.

Adamantem Capital Fund II acquired a majority interest in the business, with the remaining minority stake being held by the CardioCo doctors.

PORTFOLIO STRUCTURE

VPEG4's PORTFOLIO STRUCTURE - 30 SEPTEMBER 2022

The tables and charts below provide information on the breakdown of VPEG4's investments as at 30 September 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	
0.8%	20.4%	Later Expansion	40.0%
		Buyout	38.8%

PRIVATE EQUITY PORTFOLIO

The table below provides a summary of VPEG4's Private Equity commitments and completed investments as at 30 September 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	\$7.84m	7
CPE Capital 9	*\$800m	2020	Mid Market Buyout	\$30.0m	\$4.55m	3
Adamantem Capital Fund II	\$727m	2020	Mid Market Expansion / Buyout	\$10.0m	\$3.06m	4
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	\$0.96m	1
Potentia Capital Fund II	\$635m	2022	Mid Market Buyout	\$20.0m	-	-
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	\$2.05m	1
Co-invest No.2 (Gull New Zealand)	~\$500m	2022	Mid Market Special Situation	\$2.0m	\$2.0m	1
Co-invest No.3 (EventsAir)	~\$100m	2022	Lower to Mid Market Expansion / Buyout	\$2.0m	\$2.00m	1
Co-invest No.4 (Integrated Control Technology)	\$25m	2022	Lower to Mid Market Expansion	\$2.0m	\$1.7m	1
Co-invest No. 5 (Compare-Club)	\$110m	2022	Later Stage Buyout	\$2.0m	\$2.0m	1
Total				\$170.0m	\$28.15m	18**

* Target Fund size

** Excluding Duplicates

INDUSTRY SPREAD OF VPEG4’S UNDERLYING INVESTMENTS

As a result of the co-investment into Compare Club, VPEG4’s exposure to the “Financials” industry sector commenced and represents 7.5% of VPEG4’s total private equity portfolio.

VPEG4’s exposure to the “Healthcare Equipment & Services” industry sector, which consists of Independent Living Specialists, Altius Group, Smartways Logistics, Avance Clinical, Imaging Associates Group and the recently acquired CardioCo, represents VPEG4’s largest industry sector exposure at 29.4% of VPEG4’s total Private Equity portfolio at September quarter end.

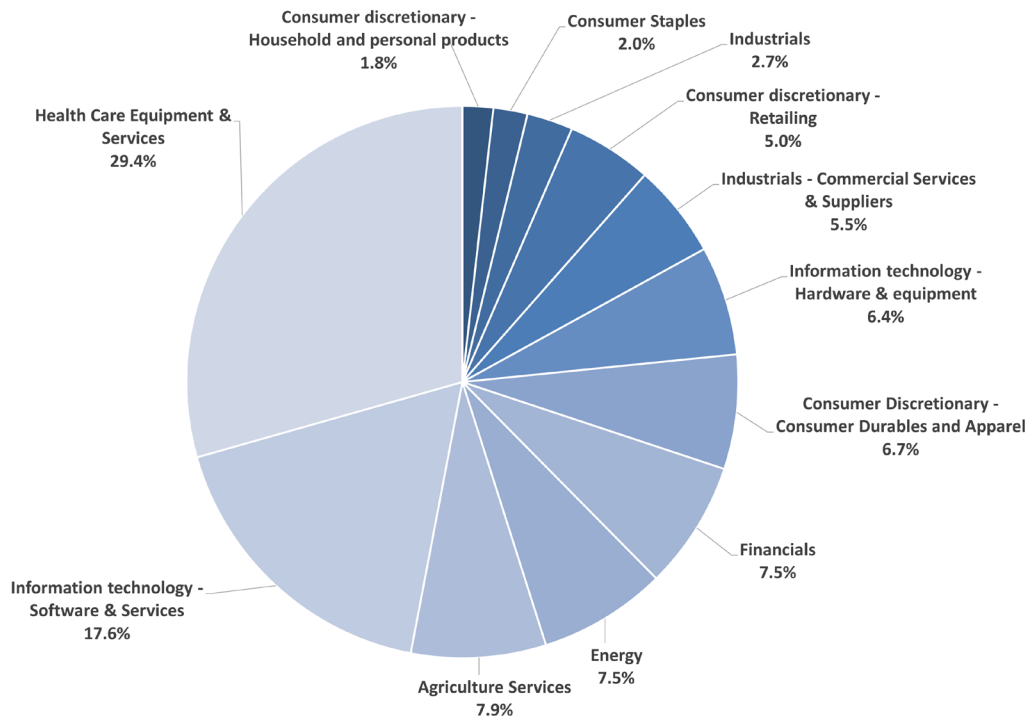


Figure: Industry exposure of VPEG4’s underlying investments as at 30 September 2022

MARKET & ECONOMIC UPDATE

Similar to conditions being experienced in most developed markets, the economic environment in Australia and New Zealand continues to be uncertain, with supply chain disruption, relatively high inflation, rising interest rates and a tight labour market persisting.

In response to these economic conditions, the RBA has continued to increase interest rates which are currently at 2.5% and expected to be at ~3.1% by the end of CY2022. Inflation continues to rise and is expected to peak at just over 7% in late 2022. Housing prices have fallen and are expected to fall by 15% by year end. However, the Australian economy continues to grow (4.1% expected 2022 growth), with low unemployment persisting (3.5% in August 2022). Unemployment seems likely to remain low but could rise slightly in 2023 once borders have been open for longer and normal migration has resumed, easing some of the current pressure on wages. Consumer spending has been strong over the last quarter, but sentiment indicators suggest this is starting to dampen as a result of higher interest rates and sustained inflationary pressures.

In the listed markets, FY22 earnings were broadly in line with consensus, however forward earnings guidance had a skew towards downgrades. Trading in the September quarter was subdued in most sectors because of continuing disruption across many industries. Increasingly, market commentary is predicting an economic slowdown in the United States, and we are conscious that this could also occur in Australia and New Zealand.

M&A activity in YTD 2022 has been strong albeit lower than levels seen in 2021, with \$130 billion worth of deals being announced in Australia and New Zealand so far. In private equity, 32 buyout deals were announced in Australia in 2022 and the cadence of deal activity to September was robust, though activity is starting to slow in the large buyout end of the market. There has been a noticeable uptick of activity across the September 2022 quarter, with a number of high quality opportunities within the lower to mid market segment presented to VPEG4 managers. As such, 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 remainder of the 2022 and into 2023.

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