

QUARTERLY REPORT

VANTAGE PRIVATE EQUITY GROWTH 4

QUARTERLY INVESTOR REPORT
31 MARCH 2023

VPEG4 DIVERSIFY
GROW
OUTPERFORM



TABLE OF CONTENTS

- 3** SUMMARY
- 4** PERFORMANCE
- 5** PORTFOLIO DEVELOPMENTS
- 6** OVERVIEW OF NEW UNDERLYING INVESTMENTS
- 9** PORTFOLIO STRUCTURE
- 13** 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' or the 'Fund') 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 2023, VPEG4 has made a total of \$170 million of investment commitments across seven Primary Private Equity funds and five co-investments. As a result, 26 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 investment in each of Imaging Associates Group (IAG), Gull New Zealand, EventsAir, Integrated Control Technology (ICT) and Compare Club.

SPECIAL POINTS OF INTEREST

Anchorage Capital Partners Fund IV completes the acquisition of Access Community Health, New Zealand's largest in home care provider.

Potentia Capital Fund II completes an investment into Soprano Media, a leading Australian-based Communications Platform as a Service provider (CPaaS), servicing 4,500 clients globally.

Potentia Capital Fund II completes the acquisition of Nitro Software, a global SaaS leader in PDF software, document management and eSignature solutions.

Adamantem Capital II completes the acquisition of Retail Zoo, a multi-brand food retail operator with over 750 stores in Australia and internationally.

As at 31 March 2023, VPEG4 has made a total of \$170 million of investment commitments across seven Primary Private Equity funds and five co-investments. As a result, twenty-six unique underlying company investments exist within VPEG4's underlying portfolio

PERFORMANCE

As at 31 March 2023, VPEG4 had called 29% of investors Committed Capital (Capital Calls No.1, 2, 3 and 4) to fund the required calls from underlying private equity funds for the Fund's share of twenty-six completed investments to date.

Given that a number of the underlying investments have been held in the portfolio for less than twelve months, numerous companies are still held at cost in line with the International Private Equity Valuation Guidelines adopted by the Australian Investment Council (AIC).

Drawdowns during the quarter from VPEG4 totalled \$4,551,303, a portion of which was called by Potentia Fund II to cover part of VPEG4's share of the acquisition of Nitro Software. In addition, funds were paid to underlying fund Advent Partners 3 for the repayment of that funds' financing facility used to invest in previously reported portfolio company Integrated Technology Solutions (ICT). Capital was also drawn by Anchorage Fund IV for the management fees and working capital requirements of that fund.

As at 31 March 2023 VPEG4, LP and VPEG4A had called 22% and 7% respectively of investors committed capital to VPEG4 (29% of a consolidated basis) to fund VPEG4's share of the twenty-six unique company investments completed to date and added to VPEG4's portfolio.

The current uncertainty in the economy and its effect on the public markets is expected to have a positive impact on VPEG4's private equity portfolio as the fund matures. Public markets continue to be a less supportive source of capital for businesses due to concerns of a slowing economic environment and a narrowing of margins where the full cost impacts of inflation have not been able to be passed on to customers. This does however increase the ability of VPEG4's managers to execute strategic and cost-effective acquisitions into profitable businesses as vendors seek to source alternate avenues of capital. This has presented an array of attractive opportunities that meet the investment criteria of VPEG4's underlying managers, which subject to extensive due diligence and negotiations on the terms of the transaction, could be completed and added to VPEG4's portfolio across the remainder of 2023.

PORTFOLIO DEVELOPMENTS

Across the March 2023 quarter, four new underlying company investments were either announced or completed, further building out VPEG4's portfolio.

These new underlying company investments included:

- Soprano Media (Potentia Fund II), a leading provider of Communications Platform as a Service ("CPaaS") solutions
- Nitro Software (Potentia Fund II), a global SaaS leader in PDF software, document management and eSignature solutions.
- Retail Zoo (Adamantem Capital Fund II), a multi-brand food retail operator with over 750 stores in Australia and internationally across four brands: Boost Juice, Betty's Burgers, Salsas Fresh Mex and CIBO Espresso.
- Access Community Health (Anchorage Capital Partners Fund IV), New Zealand's largest in-home care provider.

As a result, VPEG4's portfolio comprised of 26 unique company investments that have been completed at quarter end.

VPEG4's underlying managers' report that there is a promising deal pipeline, which comprises numerous investment opportunities that meet their investment criteria. These opportunities, subject to extensive due diligence and negotiations on terms, have the potential to be completed and added to VPEG4's portfolio across the remainder of 2023.

OVERVIEW OF NEW UNDERLYING INVESTMENTS

SOPRANO DESIGN - POTENTIA CAPITAL FUND II

In March 2023, Potentia Capital Fund II completed an investment into Soprano Design, a communications platform as a service (CPaaS) for a media reported A\$66.3m for an approximately 25% stake.



Potentia acquired this initial stake from Australia-based media company Here, There & Everywhere (HT&E).

Founded in 1994 by Dr. Richard Favero (CEO), Soprano now processes over 10 billion messages annually and is recognised for its enterprise grade solution, reliability and data security. SMS is the core messaging functionality used by Soprano's customers, noting that Soprano's solution can also facilitate interactions over MMS, email, Voice, RCS and other IP base messaging (e.g. Whatsapp).

Potentia believes that Soprano represents an attractive opportunity to invest in a profitable leader in the growing CPaaS industry. In addition to its market-leading position in Australia, they are confident that Soprano has a mission-critical reliable product, strong management team, and attractive acquisition opportunities in its core markets.

NITRO SOFTWARE (ASX : NTO) - POTENTIA CAPITAL FUND II

In February 2023, Potentia Capital launched a takeover bid to acquire ASX-listed Nitro Software (ASX:NTO) for \$2.16 to achieve the minimum acceptance of 50.1% required for takeover, with an increase to \$2.20 if acceptance reached 90%.

Founded in 2005, Nitro Software Ltd (ASX: NTO) was listed in 2019 and is a global SaaS leader in PDF software, document management and eSignature solutions.



Nitro's core PDF and eSign products allow users to productively manage and process documents, including editing, collaboration, storing documents and e-signing.

By 31st March 2023, Potentia had acquired 90% of the issued shares of the company, and as a result Nitro was expected to be delisted from the ASX on 12 May 2023.

Potentia believes that Nitro represents an attractive opportunity to invest in a reputable player in the global document productivity sector. In addition, they believe that Nitro has a competitive feature set when compared against global incumbents, and is supported by positive industry tailwinds and favourable unit economics.

ACCESS COMMUNITY HEALTH – ANCHORAGE CAPITAL PARTNERS FUND IV

During February 2023, Anchorage Capital Fund IV announced the investment in Access Community Health (“ACH”), New Zealand’s second largest in-home care provider. ACH is based in Wellington, New Zealand and provides in-home personal care and domestic assistance to a range of elderly, injured and disabled clients, as well as in-home nursing services.



Care is provided by a workforce of over 3,200 providing services to over 33,000 clients in New Zealand. ACH has strong funder relationships and contracts with all the major Government funders in New Zealand.

The investment represents Anchorage’s third investment in Fund IV, following investments in Evolve Education and David Jones.

RETAIL ZOO - ADAMANTEM CAPITAL FUND II

In March 2023, Adamantem Capital Fund II completed the acquisition of Bain Capital’s majority stake in Retail Zoo; a multi-brand food retail operator with over 750 stores in Australia and internationally across four brands: Boost Juice, Betty’s Burgers, Salsas Fresh Mex and CIBO Espresso.



Boost Juice is the largest smoothie and juice brand in Australia and Betty’s Burgers is the country’s fastest growing casual dining brand, expanding from eight to 54 stores in just five years.

Retail Zoo’s brands are well positioned through cycles as an ‘affordable indulgence’ offering. The power of both brands is also fuelled by its strong internal teams and industry-leading franchise relationships and business analytics. Retail Zoo is well placed to grow via steady organic growth in the fast refreshment and casual dining categories, secure attractive locations for new stores and opportunistically pursue M&A to leverage its strong platform.

The investment represents Adamantem’s fifth investment through Fund II.

SLATER & GORDON (ASX : SGH) – ALLEGRO FUND IV (ANNOUNCED)

Post the completion of the March 2023 quarter, Allegro Fund IV announced the acquisition of Slater & Gordon (ASX : SGH), a leading consumer law firm in Australia. SGH's mission is to give people easier access to world class legal services. The firm provides specialist legal and complementary services in a broad range of areas.



Established in Melbourne in 1935, Slater & Gordon is a trusted consumer law firm founded on the principles of equitable social justice. Slater & Gordon has a proud history in delivering compensation outcomes for clients through its accessible specialist services, including class actions, commercial litigation, superannuation and insurance, and personal injury.

Allegro Fund IV's bid at \$0.55 per share was deemed successful on 17th April 2023, with the business being successfully delisted on the 24th April 2023. This is considered to be a good investment for private equity to partner with and support Slater & Gordon's management team in pursuit of growth initiatives, which leverage's Allegro's strong turnaround track record.

The law firm had been hit by a debt-for-equity swap in 2017 following a debt-funded acquisition of UK firm Quindell, which saw hedge funds own nearly 94% of the equity before Allegro's bid. However, Slater & Gordon has since posted a \$110 million net revenue, up 37%, and a \$16.7 million after-tax profit in the first half of FY23. It has also cut its net debt to EBITDA ratio from 3.2-times in the June 2022 half to 1.6-times at December 2022 end. These improvements, combined with the limited liquidity since the 2017 recap, make the acquisition an attractive turnaround opportunity for private equity and Allegro Funds investors including Vantage Private Equity Growth 4 (VPEG4).

PORTFOLIO STRUCTURE

VPEG4's PORTFOLIO STRUCTURE - 31 MARCH 2023

The tables and charts below provide information on the breakdown of VPEG4's investments as at 31 March 2023.

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	
0.2%	9.1%	Later Expansion	68.4%
		Buyout	22.3%

PRIVATE EQUITY PORTFOLIO

The table below provides a summary of VPEG4's Private Equity commitments and completed investments as at 31 March 2023.

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	\$8.47m	7
CPE Capital 9	\$729m	2020	Mid Market Buyout	\$30.0m	\$9.53m	4
Adamantem Capital Fund II	\$727m	2020	Mid Market Expansion / Buyout	\$10.0m	\$3.06m	5
Advent Partners Fund 3 Fund	\$410m	2021	Lower to Mid Market Expansion / Buyout	\$30.0m	\$3.00m	1
Allegro Fund IV	\$600m	2021	Mid Market Turnaround	\$30.0m	\$1.28m	1
Anchorage Capital Partners Fund IV	\$500m*	2022	Mid Market Special Situation & Turnaround	\$30.0m	\$1.09m	3
Potentia Capital Fund II	\$635m	2022	Mid Market Buyout	\$20.0m	\$2.21m	3
Co-invest No.1 (Imaging Associates Group)	~\$120m	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	\$2.00m	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)	~\$110m	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	\$38.39m	26**

* Target Fund size

** Excluding Duplicates

PRIVATE EQUITY PORTFOLIO

The table below provides a summary of the top ten underlying private equity investments in VPEG4's portfolio for which capital had been called from VPEG4 as at 31 March 2023.

Rank	Investment	Fund	Description	% of VPEG4's Private Equity Investments	Cumulative %
1	Co-invest No.4 Integrated Control Technology	Advent Partners 2 Fund	Manufacturer of unified and intelligent electronic access control and security solutions	9.4%	9.4%
2	Ambrose Construct	CPE Capital 9	Provider of project management and head contractor services to insurance companies	9.2%	18.7%
3	Co-invest No.3 EventsAIR	Riverside Australia Fund III	Event platform enabling unlimited possibilities for in-person, hybrid & virtual events	8.1%	26.8%
4	Energy Exemplar	Riverside Australia Fund III	Provides solutions to the energy market via economic modeling and simulation software	6.6%	33.4%
5	Co-invest No.1 Imaging Associates Group	Advent Partners 2 Fund	Leading independent providers of diagnostic imaging services in Victoria and regional New South Wales	5.6%	39.0%
6	Co-invest No.5 Compare Club	Next Capital Fund IV	Operator of consumer finance and insurance information platform	5.6%	44.6%
7	Co-invest No.2 Gull New Zealand	Allegro Fund IV	New Zealand petroleum distribution company and petrol station chain	5.5%	50.1%
8	Climate Friendly	Adamantem Capital fund II	Consultancy group in the land-based carbon offset program to farmers around Australia	5.5%	55.6%
9	Independent Living Specialists	Riverside Australia Fund III	Supplier and registered NDIS provider of hospital and home-care equipment	4.9%	60.5%
10	Altius	Riverside Australia Fund III	Provider of allied health services in Australia	4.8%	65.2%

INDUSTRY SPREAD OF VPEG4’s UNDERLYING INVESTMENTS

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 Advara Healthcare represents VPEG4’s largest industry sector exposure representing 26.2% of VPEG4’s total Private Equity portfolio at March quarter end.

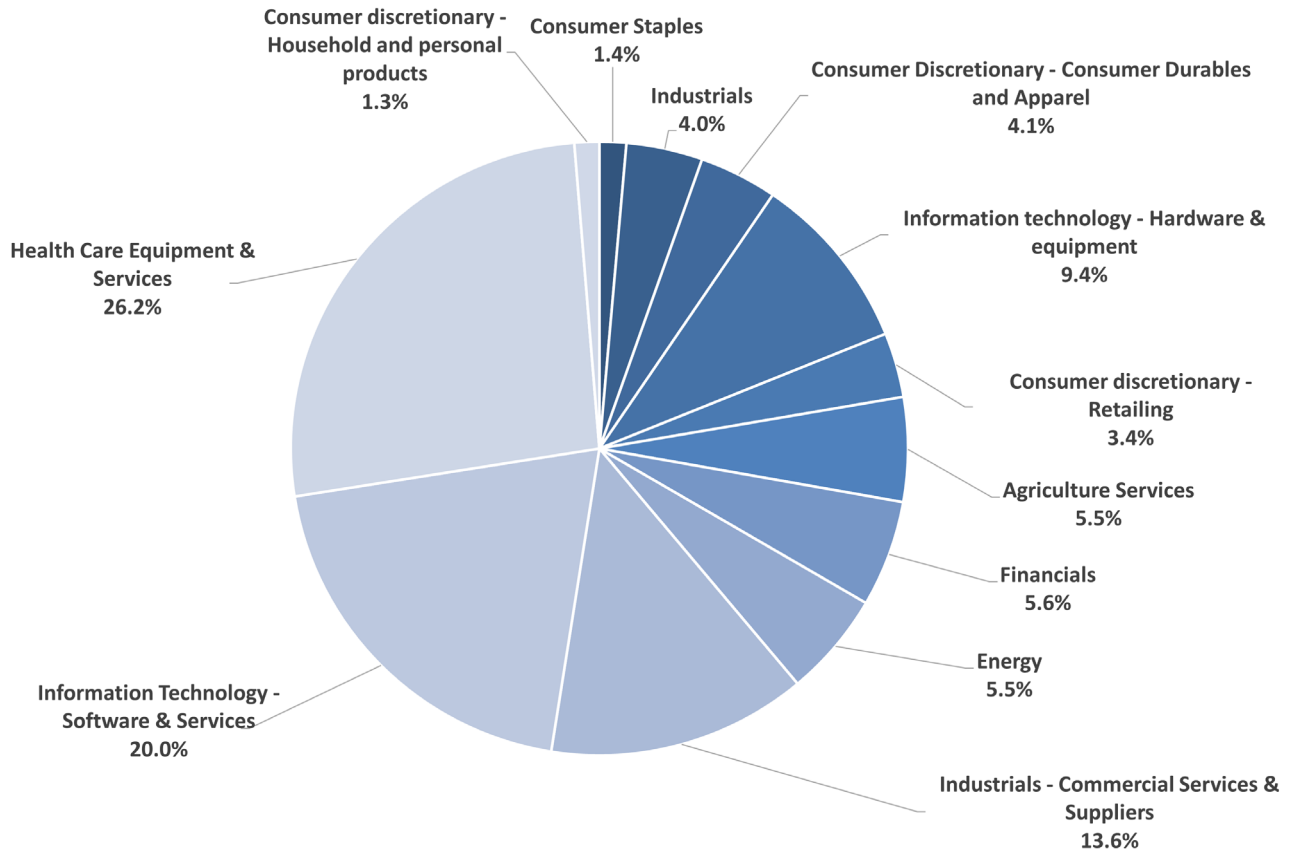


Figure: Industry exposure of VPEG4’s underlying investments as at 31 March 2023

ECONOMIC & MARKET UPDATE

Inflation fell to 7 per cent in the March quarter, amid an easing in price pressures for food, clothing and housing construction, confirming the worst of Australia's inflation outbreak has passed.

The figures were a little stronger than market expectations for annual inflation of 6.9 per cent, but consistent with analysis by professional economists and the RBA that price pressures peaked at the end of last year.

Prices increased by 1.4 per cent within the March quarter itself, which was the softest quarterly read in a year.

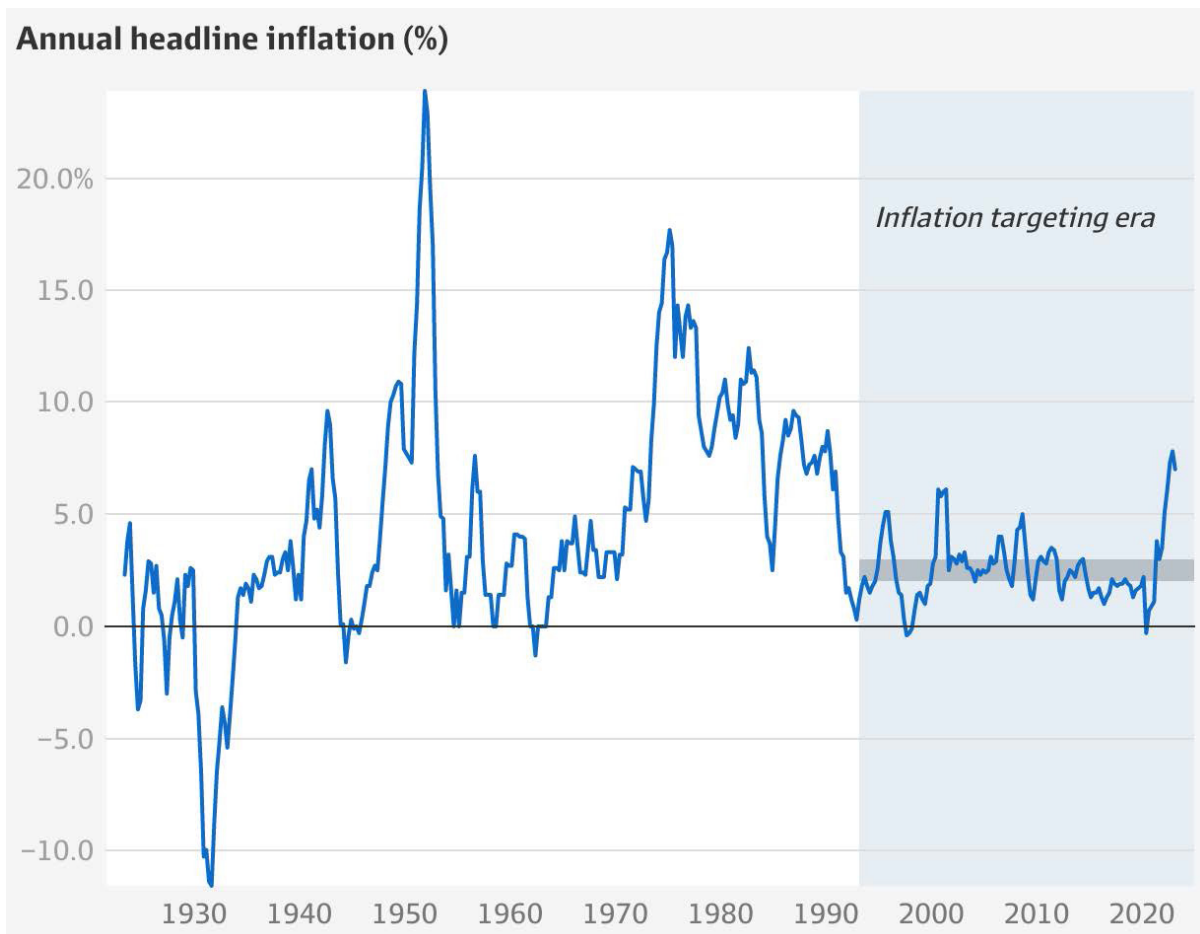


Chart: Michael Read - Source Australian Bureau of Statistics: Reserve Bank of Australia

On 2 May 2023, the RBA Board decided to increase the cash rate target by 25 basis points to 3.85 per cent. It also increased the rate paid on Exchange Settlement balances by 25 basis points to 3.75 per cent.

Despite inflation peaking in Australia, the Board deemed the current 7 percent rate still excessively high, recognizing that it will take some time before it falls within the target range. Considering the crucial need to restore inflation to the desired level within a reasonable timeframe, the Board concluded that an additional interest rate hike was justified.

Trimmed mean inflation, the RBA's preferred measure of underlying price pressures, slowed to 6.6 per cent from 6.9 per cent, which was slightly softer than expectations of 6.7 per cent. Underpinning the fall in inflation was

smaller price rises for goods, as well as lower food inflation. Heavy discounting caused the price of clothing and footwear to fall by 1 per cent in the first three months of the year, while inflation in the price of furniture and appliances also eased. Goods inflation globally has softened recently thanks to falling shipping costs and the resolution of supply chain issues. Inflation in the cost of building a new dwelling – the largest item in the CPI basket – slowed to 13 per cent, down from a peak of 21 per cent last year, thanks to an easing in material cost pressures and softening demand.

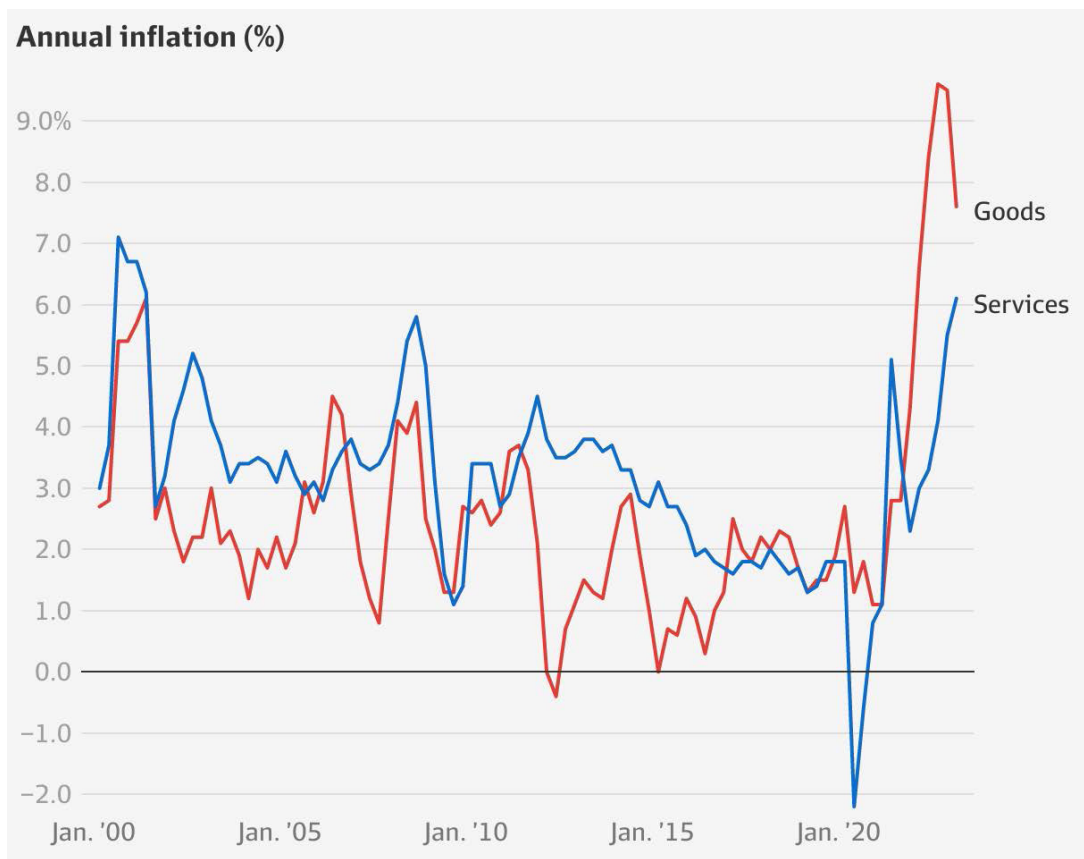


Chart: Michael Read - Source Australian Bureau of Statistics

However, while inflation has slowed in some parts of the CPI basket, price pressures remain elevated in other key components. This includes the cost of renting a home, which is the second-largest item in the CPI basket. An acute shortage of properties has pushed rents 4.9 per cent higher over the year – the fastest pace of rent inflation in more than a decade.

Outside of Sydney and Melbourne, rents have surged by 6.5 per cent over the past year, with further increases expected thanks in part to a strong increase in overseas migration.

Services price inflation hit 6.1 per cent, which was its fastest rate in two decades, driven by higher prices for restaurant meals, holiday travel and medical services.

Education prices, which includes school and university fees, posted their largest rise in five years, increasing by 5.4 per cent over the past 12 months.

Gas prices have increased by 26 per cent over the past year, which the ABS said was the highest annual rate on record.

Electricity prices have increased by 16 per cent since last March, with further price rises expected in June, with default contract prices to jump by 20 to 30 per cent, adding 0.25 of a percentage point to inflation in the financial year starting on July 1.

The RBA's February economic forecasts show the central bank expects headline inflation to slow to 4.8 per cent by the end of the year, and to 3 per cent by mid-2025, as the fastest tightening cycle in a generation forces the economy to cool.

This quarter, private equity origination activity was the lowest it has been for over 10 years. Five deals were announced or completed over the period. These deals were in the financial services, education and agribusiness sectors.

Vantage believes prices will soften over the medium term, which will represent attractive entry valuations for VPEG4's underlying managers. As such managers are starting to enter into the final negotiations on a number of transactions, which when completed will be added to VPEG4's portfolio across the calendar year.

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