

# VANTAGE PRIVATE EQUITY GROWTH 4



QUARTERLY INVESTOR REPORT  
31 DECEMBER 2024

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## VPEG4

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# EXECUTIVE SUMMARY

Welcome to the Vantage Private Equity Growth 4 (VPEG4) quarterly investor report for the period ending 31 December 2024.

VPEG4 had another strong quarter, with valuations seeing an uplift across the portfolio as underlying private equity managers continue to successfully execute on their investment strategies. As the Fund matures, VPEG4's performance continues to progress in line with the Fund's investment objective of delivering investors strong risk adjusted returns across the medium to long-term.

## PORTFOLIO HIGHLIGHTS

During the quarter, **Adamantem Capital Fund II** announced the sale of portfolio company **Linen Services Australia**, to Macquarie Asset Management. The realisation marks a strong return for the Fund with a further uplift above carrying value at exit, enhancing the Fund's overall returns to investors. Additionally, **CPE Capital 9** exited its stake in **Direct Group** back to management. We expect the number of exits to increase through the calendar year, with a number of underlying managers currently in advanced discussions to exit their portfolio companies. Upon receipt of the exit proceeds (anticipated during H1 2025) a distribution will be paid to VPEG4A investors, further increasing the Fund's Distributed to Paid In (DPI) multiple and annualised return.

Turning to new investments, three of VPEG4's private equity fund managers made new platform acquisitions. Potentia Capital Fund II announced the acquisition of Storypark, Adamantem Capital Fund II announced the acquisition of Mason Stevens and CPE Capital 9 announced the acquisition of British Sausage Company. As a result, the number of unique company investments in VPEG4's portfolio increased from 38 to 41.

Additionally, Anchorage Capital Fund IV portfolio company Access Community Health completed the bolt-on acquisition of 'Focus on Potential', bringing the total number of bolt-on acquisitions across VPEG4's portfolio to 9. We expect this number to increase as underlying managers continue to seek out value accretive bolt-on acquisitions to enhance exit returns for their platform assets.

## VPEG4 FUND ACTIVITY

During the quarter, capital calls totalling \$8,010,805 were paid to Allegro Fund IV, CPE Capital 9 and Potentia Fund II. The capital called predominately related to CPE Capital 9's investment in British Sausage Company and Potentia Capital Fund II's investment in Storypark. Additionally, capital was also called for follow-on investments into existing portfolio companies, as well as for management fees and working capital requirements of underlying private equity funds across the period.

To fund these capital calls, VPEG4 issued Capital Call No. 9 for VPEG4, LP in November 2024 totalling 5% of investors' committed capital. As such, as at 31 December 2024, VPEG4 had called a total of 76% of investors' committed capital.

During the period, distributions totaling \$3,600,000 were received by CPE Capital 9 from the exit of portfolio company Civilmart to Irish manufacturer CRH. As a result of the receipt of these proceeds, in December 2024, VPEG4A paid a distribution to investors of **\$1,592,520** or **1.5% of committed capital**.

VPEG4 continues to deliver strong returns as it progresses past the initial phase of the private equity J-Curve. As a result of underlying fund managers executing on their value creation plans, VPEG4's **Net Asset Value (NAV)** increased by 10% across the quarter to **\$0.793** per Dollar of Committed Capital as at 31 December 2024.

VPEG4 has now generated a total net annualised return of **7.2% p.a.** for investors since Final Close on 30 September 2021, representing a net **Total Value to Paid-In (TVPI)** multiple of **1.1x** as at 31 December 2024.

As VPEG4's portfolio of companies continues to mature and progress through to an exit, we anticipate that the Net annualised return to investors will increase toward the fund's target return of 20% p.a. as was the case with Vantage's previous funds VPEG2 and VPEG3 as they emerged from the J-curve.



# EXECUTIVE SUMMARY

## VPEG6 MAKES FIRST PORTFOLIO COMPANY INVESTMENT

During the December 2024 quarter, VPEG6 achieved a significant milestone with the Fund's first portfolio company acquisition, of **Pacific Smiles Group Limited** (ASX:PSQ), the second largest dental platform in Australia, by **Genesis Capital Fund II** (GC Fund II).

The acquisition of Pacific Smiles marks an exciting period for VPEG6, commencing the underlying portfolio company activity within the Fund. Other private equity managers within the VPEG6 portfolio are also engaged in advanced due diligence on potential investment opportunities. The execution of these opportunities would see VPEG6's underlying company portfolio grow across Q3 & Q4 FY25.

## VPEG6 AND VANTAGE - YEAR IN REVIEW

Upon the closing of VPEG6's inaugural calendar year, the Vantage team is pleased to reflect upon the journey of VPEG6 to date. The 2024 calendar year saw the launch and first close of VPEG6, the successful investment of three primary capital commitments to leading Australian and New Zealand (ANZ) private equity managers, and the Fund's first portfolio company investment.

Across all the Vantage Private Equity Growth (VPEG) funds during calendar year 2024, 13 companies were sold from the VPEG funds, delivering a gross 3.0x Multiple of Invested Capital (MOIC) and an average annualised return of 34.3%.

On the investment front, 18 new company investments were completed by the VPEG funds, representing a combined Enterprise Value of over \$3.5 billion.

During the December 2024 quarter, there were five new investments added to the portfolio and six exits across Vantage's flagship private equity funds.

This reinforces the strength of Vantage's focus on the lower to mid-market segment of Private Equity across ANZ. Vantage has strategically targeted this compelling area of the market, which has the largest opportunity set of private companies in Australia, and the lowest-level of competition amongst private equity managers.

## VPEG6 REMAINS OPEN FOR INVESTMENT

VPEG6 will remain open for investment until either the Fund's target size of \$250 million is reached, or the second anniversary of the First Closing Date. If you wish to learn more on VPEG6 or would like to make an application, please contact Vantage's Investor Services Team via email at [info@vantageasset.com](mailto:info@vantageasset.com) or call 02 9067 3133.

An application can be made by contacting your Wealth Adviser or through VPEG6's Online Application form by copying the following link into your web browser; <https://apply.automic.com.au/VPEG6>.

## 2024 ANNUAL GENERAL MEETING

On 28<sup>th</sup> November, Vantage held its VPEG Funds 2024 Annual General Meeting (AGM) at the Sofitel Wentworth, Sydney. Reflecting the exceptional growth of Vantage of recent times, the AGM represented the first time in over a decade that Vantage hosted its AGM as an in-person event, whilst also being accessible via webinar. The AGM presented the opportunity to demonstrate the strong performance and achievements of the VPEG Funds across the 2024 financial year. We look forward to seeing Vantage's esteemed investors and advisers at the 2025 AGM, with details to be provided in due course.

## VANTAGE 20-YEAR ANNIVERSARY

During December, Vantage celebrated its 20-year anniversary on Sydney Harbour, with the Vantage team celebrating with a number of prominent and long-time investors, advisers and private equity fund managers. The event was an extraordinary reminder of the trust and collaboration that have been fundamental to the Vantage journey, and the partnerships that continue to shape Vantage's future.

## VANTAGE TEAM STRATEGY OFFSITE

Capping off an active quarter for Vantage, the firm held its 2024 Strategy Offsite in the Hunter Valley, allowing the team to align on Vantage's vision and plans for 2025 and beyond. The Strategy Offsite provided an invaluable opportunity to strengthen the team's focus on delivering exceptional value to Vantage's investors and continue to build strong relationships with Vantage's private equity managers, whilst ensuring the firm remains agile and responsive in an ever-evolving private equity market.

# PERFORMANCE



# PERFORMANCE

QUARTER ENDING	31 DECEMBER 2024
FINAL CLOSE	SEPTEMBER 2021
STRATEGY	PRIVATE EQUITY FUND OF FUNDS
COMMITTED CAPITAL	\$179.42 MILLION
CALLED CAPITAL - PER \$ OF COMMITTED CAPITAL	\$0.76
UNCALLED CAPITAL - PER \$ OF COMMITTED CAPITAL	\$0.24
NET ASSET VALUE (NAV) - PER \$ OF COMMITTED CAPITAL	\$0.793
CUMULATIVE DISTRIBUTIONS PAID - PER \$ OF COMMITTED CAPITAL	\$0.06
DISTRIBUTED TO PAID IN (DPI) MULTIPLE	0.1x
TOTAL VALUE TO PAID IN (TVPI) MULTIPLE	1.1x
NET RETURN – QUARTER	4.8%
NET RETURN – 12 MONTHS	12.4%
NET ANNUALISED RETURN SINCE FINAL CLOSE	7.2% p.a.
<b>PORTFOLIO</b>	
TOTAL COMMITTED CAPITAL TO PRIVATE EQUITY	\$172.50 MILLION
NO. OF PRIMARY COMMITMENTS	7
NO. OF CO-INVESTMENTS	6
NO. OF PORTFOLIO COMPANIES	41
NO. OF EXITS <sup>1</sup>	4
NO. OF REMAINING PORTFOLIO COMPANIES	37



1. Includes both completed and announced exits at reporting period

# PRIVATE EQUITY PORTFOLIO





# PRIVATE EQUITY PORTFOLIO

## VPEG4 PRIVATE EQUITY PORTFOLIO

PRIVATE EQUITY FUND NAME	FUND / DEAL SIZE (\$M)	VINTAGE	INVESTMENT FOCUS	VPEG4 COMMITMENT (AUD\$M)	CAPITAL DRAWN (AUD\$M)	PORTFOLIO COMPANIES	EXITS <sup>2</sup>
RIVERSIDE AUSTRALIA FUND III	\$352	2019	EXPANSION / BUYOUT	\$10.00	\$9.05	7	1
CPE CAPITAL 9	\$729	2020	BUYOUT	\$30.00	\$8.01	6	2
ADAMANTEM CAPITAL FUND II	\$795	2020	EXPANSION / BUYOUT	\$10.00	\$5.40	7	1
ADVENT PARTNERS 3 FUND	\$410	2021	EXPANSION / BUYOUT	\$30.00	\$15.21	4	-
ALLEGRO FUND IV	\$623	2022	TURNAROUND	\$30.00	\$16.00	4	-
ANCHORAGE CAPITAL PARTNERS FUND IV	\$505	2022	TURNAROUND	\$30.00	\$12.48	4	-
POTENTIA CAPITAL FUND II	\$635	2022	EXPANSION / BUYOUT	\$20.00	\$14.70	6	-
CO-INVEST NO.1 (IMAGING ASSOCIATES GROUP)	\$120	2021	EXPANSION	\$2.00	\$2.05	1	-
CO-INVEST NO. 2 (EVENTSAIR)	\$187	2022	EXPANSION / BUYOUT	\$2.00	\$2.00	1	-
CO-INVEST NO. 3 (GULL NZ)	NZ\$495	2022	BUYOUT	\$2.00	\$2.00	1	-
CO-INVEST NO. 4 (INTEGRATED CONTROL TECHNOLOGY)	\$112	2022	EXPANSION / BUYOUT	\$2.00	\$1.70	1	-
CO-INVEST NO. 5 (COMPARE CLUB)	\$160	2022	EXPANSION	\$2.00	\$2.00	1	-
CO-INVEST NO. 6 (PAC TRADING)	\$68	2023	EXPANSION / BUYOUT	\$2.55	\$2.55	1	-
<b>TOTAL</b>				<b>\$172.55</b>	<b>\$93.15</b>	<b>41<sup>1</sup></b>	<b>4</b>

1. Excludes duplicated investments

2. Includes both completed and announced exits at reporting period end





# PRIVATE EQUITY PORTFOLIO

## TOP 10 HOLDINGS ACROSS THE PORTFOLIO

	PORTFOLIO COMPANY	FUND	DESCRIPTION	% SHARE	CUMULATIVE
1	INTEGRATED CONTROL TECHNOLOGY	ADVENT PARTNERS 3 FUND / CO-INVEST NO. 4	MANUFACTURER OF UNIFIED AND INTELLIGENT ELECTRONIC ACCESS CONTROL AND SECURITY SOLUTIONS	6.3%	6.3%
2	SLATER & GORDON	ALLEGRO FUND IV	A LEADING COMPENSATION AND CLASS ACTION LAW FIRM	6.0%	12.2%
3	DAVID JONES	ANCHORAGE CAPITAL PARTNERS FUND IV	AN AUSTRALIAN LUXURY DEPARTMENT STORE	5.2%	17.4%
4	GULL PETROLEUM	ALLEGRO FUNDIV / CO-INVESTMENT NO. 3	NZ PETROLEUM DISTRIBUTION COMPANY AND PETROL STATION CHAIN	5.0%	22.5%
5	RMS	ADVENT PARTNERS 3 FUND	CLOUD-BASED SAAS PROPERTY MANAGEMENT SOFTWARE FOR THE ACCOMMODATION SECTOR	4.9%	27.4%
6	SCYNE ADVISORY	ALLEGRO FUND IV	AUSTRALIAN PUBLIC SECTOR ADVISORY BUSINESS	4.5%	31.9%
7	ELF GROUP	ANCHORAGE CAPITAL PARTNERS FUND IV	ELF GROUP SPECIALIZES IN EQUIPMENT LEASING AND FINANCING SOLUTIONS.	4.1%	35.9%
8	IMAGING ASSOCIATES GROUP	CO-INVEST NO.1	LEADING INDEPENDENT PROVIDER OF DIAGNOSTIC IMAGING SERVICES IN VICTORIA AND REGIONAL NEW SOUTH WALES	4.0%	39.9%
9	VISTA GROUP	POTENTIA CAPITAL FUND II	VISTA GROUP PROVIDES SOFTWARE, DATA ANALYTICS, AND MARKETING SOLUTIONS FOR THE CINEMA AND FILM INDUSTRY	3.9%	43.9%
10	SOCIAL PINPOINT (FORMERLY MYSITE)	ADVENT PARTNERS 3 FUND	GLOBAL PROVIDER OF SAAS SOLUTIONS FOR COMMUNITY AND STAKEHOLDER ENGAGEMENT	3.7%	47.6%



# PRIVATE EQUITY PORTFOLIO

## INDUSTRY DIVERSIFICATION OF PORTFOLIO

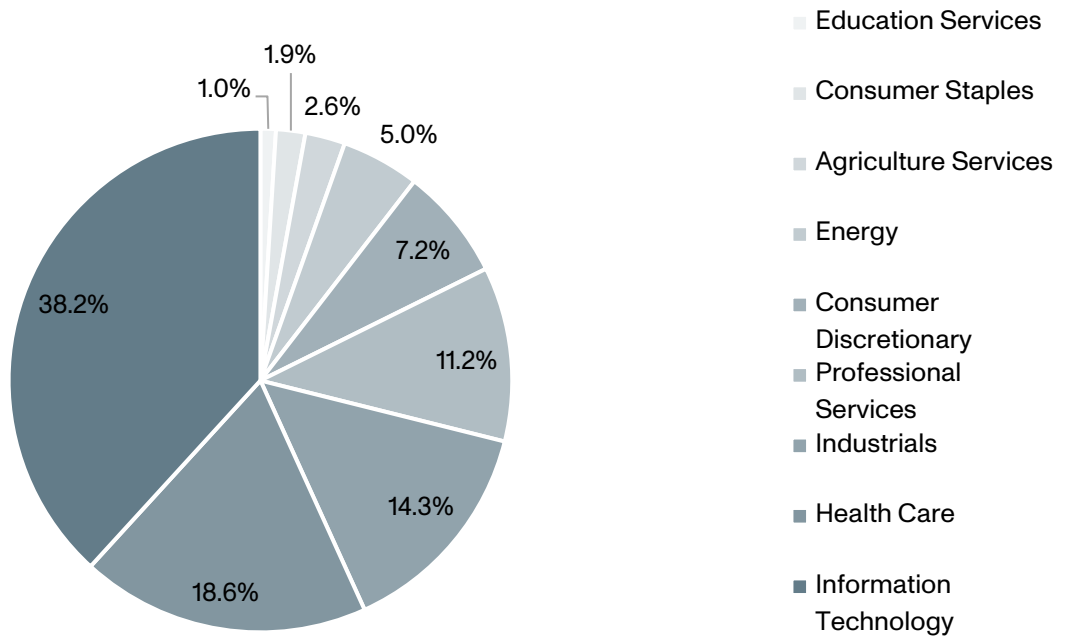


Image: Industry diversification of VPEG4 portfolio at period end 31 December 2024. Key is in ascending order.

# PORTFOLIO ACTIVITY





# PORTFOLIO ACTIVITY

The December 2024 quarter was an active period for private equity, with 3 new investments completed and 2 new exits. As a result, VPEG4's portfolio now comprises of 41 unique company investments completed as at the December quarter end.

Turning to exits, VPEG4 underlying fund manager, **Adamantem Capital Fund II**, announced the successful exit of **Linen Services Australia** to Macquarie Asset Management, marking a strong exit for the fund. Additionally, VPEG4 underlying fund manager **CPE Capital 9** sold its interest in **Direct Group** back to management.

## ANNOUNCED EXIT – LINEN SERVICES



### AUSTRALIA – ADAMANTEM CAPITAL FUND II

During the quarter, **Adamantem Capital Fund II** (“Adamantem Fund II”) announced the sale of portfolio company **Linen Services Australia** (“LSA”) to Macquarie Asset Management (“MAM”), a top 50 global asset manager.

LSA is a provider of linen and garment laundry services to ~3,500 customers across ANZ. It is a market leader in outsourced laundry services for customers across healthcare, aged care, manufacturing, hospitality and food industries.

Adamantem Fund II invested into LSA in March 2021, and the investment thesis was centred around bringing focus to a market leading business with a strong competitive advantage, that had been under-managed as a non-core division within a larger conglomerate.

The strategy included productivity improvements, cost controls and sales pipeline management, and improving the businesses’ return on assets.

The exit of LSA is subject to customary regulatory approvals and conditions, with completion of the transaction expected in 1H CY25. Upon receipt of the exit proceeds from Adamantem Fund II, a distribution will be paid to VPEG4A investors, further increasing the Fund’s Distributed to Paid In (DPI) multiple and annualised return.

## EXIT – DIRECT GROUP – CPE CAPITAL 9



During the quarter, **CPE Capital 9** exited its stake in **Direct Group** to management. Having explored a range of alternatives with the company’s stakeholders, CPE Capital concluded it would be in investors’ best interest to exit the business at nominal value. Whilst this was a disappointing result, the business had been experiencing headwinds for a while and was held at nominal value.

As such, the exit had no further impact on VPEG4's NAV and will have a minimal impact on returns given the investment will likely account for less than 1% of the Fund’s committed capital. VPEG4’s exits to date have generated a gross MoIC of 2.3x and gross IRR of 40%, reinforcing the benefits of a diversified fund-of-funds approach to investing in private equity.

Turning to new investments, Vantage's underlying fund managers had an active December quarter, adding 3 new investments. Further details of the investment activity across VPEG4's portfolio during the period are highlighted below.

## STORYPARK– POTENTIA FUND II



During October 2024, **Potentia Capital Fund II** completed an investment in **Storypark**, a provider of software to the early childhood education sector in Australia, New Zealand and Canada.

Founded in 2011, Storypark is a secure platform that provides insights into a child’s day, feedback on their learning and information about the centre. Storypark enables centres to manage their operations effectively, including supporting regulatory requirements, lesson planning, curriculum integration, educator evaluation and data-informed decision making.

Potentia’s investment into Storypark represents an attractive opportunity to acquire a market leading platform asset within the highly fragmented early childhood education software sector. Storypark is an attractive asset due to its modern, customer-centric product and strong SaaS metrics.



# PORTFOLIO ACTIVITY



## MASON STEVENS – ADAMANTEM CAPITAL FUND II

During November 2024, **Adamantem Capital Fund II** acquired **Mason Stevens**, a leading wealth management platform.

Founded in 2010, Mason Stevens is a specialist wealth management platform and investment services provider catering to financial advisers and wealth practices. Mason Stevens' wealth platform enables advisers to efficiently manage investments for their clients, with a particular focus on delivering tailored and differentiated investment solutions aimed at high-net-worth individuals.

Mason Stevens is well-positioned in the growing financial advice market, targeting an attractive and high growth segment with the business' scalable digital platform and unique value proposition providing differentiated investment solutions for its core customers.

Adamantem view Mason Stevens as a compelling opportunity to invest in a growing platform with genuine competitive differentiation in the high-net-worth financial advice segment.



## BRITISH SAUSAGE COMPANY – CPE CAPITAL 9

During November 2024, **CPE Capital 9** completed the acquisition of the **British Sausage Company (Australian British Food "ABF")**, a leading manufacturer of fresh sausages, burgers, smallgoods and value-added meat products.

Founded in 1991, the ABF employs over 300 staff across five production facilities in WA, NSW and QLD. Customers include nationwide supermarkets such as Coles, Woolworths and Aldi, as well as independent grocers and foodservice companies.

ABF emphasises its commitment to quality by using fresh, locally sourced ingredients combined with traditional recipes and techniques. This dedication has led to the creation of award-winning products that have gained popularity across Australia.

## OTHER PORTFOLIO ACTIVITY

In addition to the new company investments added to the portfolio during the quarter, one of VPEG4's underlying funds completed a strategic bolt-on in order to increase profitability and capture additional market share for an existing portfolio company.

**Anchorage Capital Fund IV** portfolio company **Access Community Health** completed the acquisition of a highly complementary business in November 2024. **'Focus on Potential'** is a leading provider of in-home rehabilitation, psychology and assessment services in New Zealand. Management are focused on completing the integration, with several additional acquisition opportunities also under review.

The pipeline of new opportunities for VPEG4's underlying fund managers remains encouraging, both across standalone new platform investments, as well as bolt on acquisitions. We anticipate a number of new investments will be added to VPEG4's portfolio across 2025 as underlying fund managers look to expand their portfolios and drive value creation.

Additionally, with exit conditions improving, we anticipate the sale of several companies within VPEG4's portfolio, following strong growth under their private equity ownership.

# MARKET INSIGHTS





# MARKET INSIGHTS

The Australian lower to mid-market private equity segment continues to show strong resilience and is well positioned for increased deal activity as we progress through Q1 and into 2025.

At a macro level, 2024 saw a more challenging economic environment driven by modest growth, lingering inflation (fed by high government expenditure) and persistently high interest rates. However, key economic indicators point to more favourable economic conditions in 2025, with core inflation data trending downwards and interest rate relief expected towards the end of this quarter or early next.

Despite geopolitical uncertainty overseas, both Australia and NZ have managed to avoid the rise of populist politics and swings to the far right which have become prevalent in both the US and several European countries. Importantly, Australia runs a trade deficit with the US and is therefore unlikely to be a direct target of Trump's tariffs. While action against China, Australia's largest trading partner, will likely have flow on effects, this is more likely to impact larger, more commodity-linked and export-led businesses that don't sit within Vantage's focus of the lower to mid-market segment.

Recent commentary from M&A market participants suggests a greater convergence on valuation between buyers and sellers. This follows the previous misalignment experienced through most of 2024 which saw prolonged transaction timelines, and in some instances failed sale processes. As such, there remains a large backlog of deals which, with debt markets remaining highly supportive, should see heightened deal activity through the year.

Vantage's managers and their respective portfolio companies are well placed to benefit from these key themes playing out through 2025.

A more stable and positive operating environment should allow for greater conviction in pursuing new growth initiatives to help drive value creation across the portfolio. While from an exit perspective, the prospect of cheaper debt financing, continued interest from both domestic and offshore trade, as well as large buyout funds as they seek to deploy record amounts of capital, should see strong demand for high-quality mid-market businesses.

Vantage's funds and their underlying managers continue to focus on businesses that demonstrate highly defensive characteristics, with proven B2B revenue models, strong customer retention and pricing power.

New investment activity has been focused on the software & IT, healthcare and business services sectors, with very few new retail investments given the challenging consumer backdrop and pull back in discretionary spending.

Overall, 2025 is shaping up to be a strong year for the lower to mid-market segment, across Australia and New Zealand. Improving economic conditions, an increasing pipeline of high-quality opportunities, and greater appetite from both buyer and sellers should see strong growth on what has been a solid December quarter.

# DIRECTORY

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## IMPORTANT INFORMATION

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





# VANTAGE ASSET MANAGEMENT

