

# VANTAGE PRIVATE EQUITY GROWTH 3



QUARTERLY INVESTOR REPORT  
30 SEPTEMBER 2024

# CONTENTS

## VPEG3

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|                                 |           |
|---------------------------------|-----------|
| <b>EXECUTIVE SUMMARY</b>        | <b>3</b>  |
| <b>PERFORMANCE</b>              | <b>5</b>  |
| <b>PRIVATE EQUITY PORTFOLIO</b> | <b>7</b>  |
| <b>PRIVATE EQUITY ACTIVITY</b>  | <b>11</b> |
| <b>MARKET INSIGHTS</b>          | <b>13</b> |

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# EXECUTIVE SUMMARY

Welcome to the Vantage Private Equity Growth 3 (VPEG3) quarterly investor report for the period ended 30 September 2024.

The September quarter saw VPEG3's underlying private equity managers remain focused on executing management's value creation strategies. With deal activity in the market anticipated to increase over the remainder of the 2025 financial year, a number of VPEG3's managers are in a prime position to realise exits of portfolio companies. This is expected to result in several exits of VPEG3's portfolio companies over the coming six to nine months, which will continue to deliver strong returns for VPEG3 investors.

## PORTFOLIO HIGHLIGHTS

As reported in the June 2024 quarterly investor report, Advent announced the sale of **Advent Partners 2 Fund (AP2)** portfolio company **Compass Education** to funds managed by Swedish Private Equity firm, EQT for a media reported sale price of ~\$700m. This exit brings the total number of exits in VPEG3's portfolio to 11 at period end.

During the quarter, one underlying portfolio company completed a significant bolt-on acquisition. While a number of other underlying portfolio companies continue to undertake due diligence on several potential bolt-on acquisitions. Such strategic investments will further expand the operations of the existing portfolio companies.

## VPEG3 FUND ACTIVITY

During the quarter, capital calls totalling \$633,542 were paid by VPEG3 to Allegro Fund III, Odyssey Private Equity Fund 8, Mercury Fund III and Next Capital Fund IV.

The capital was called by Mercury Fund III to fund further investment into Avive Health and E&P Financial, and by Allegro Fund III to fund further investment into Perth Radiological Clinic (PRC). Capital was also required by Next Capital to partially pay down the Next Capital Fund IV fund finance facility. Additionally, capital was required for the management fees and working capital requirements of these funds across the period.

No additional capital calls were issued by VPEG3 to investors, as VPEG3 has already called 100% of investors committed capital.

During the period, VPEG3 received distributions totalling \$470,109 from Mercury Fund III. The distributions were a result of the previously reported divestment of Ambassador Theatre Group (ATG) by Mercury Fund III portfolio company TEG, and a share buyback completed during the period by Mercury Fund III portfolio company ARE Media.

On 30 June 2024, a distribution of **\$0.01 per dollar of committed capital** was declared by the Trustee of VPEG3A, representing the net taxable income of VPEG3A for the period ended 30 June 2024. This distribution was paid in September 2024, to all investors in VPEG3, except for SIV investors who are not unitholders in VPEG3A. As a result of this distribution, VPEG3's consolidated **Distribution to Paid-In (DPI)** multiple ratio was **0.4x** at period end.

VPEG3's **Net Asset Value (NAV)** as at 30 September 2024 was \$1.371 per dollar of committed capital. Further, VPEG3's **Total Value to Paid In (TVPI) multiple** at period end was **1.8x** representing a **net annualised return of 14.2% p.a.** for investors, since VPEG3's Final Close in January 2019.

## VPEG6 MAKES THIRD PRIMARY COMMITMENT & REMAINS OPEN FOR INVESTMENT

Following extensive due diligence & analysis conducted by the Vantage investment team over the September 2024 quarter, VPEG6 made its third primary capital commitment, to Genesis Capital Fund II (GC Fund II). Genesis Capital are specialist healthcare investors with a strong track record of targeting fragmented healthcare sub-sectors demonstrating thematic tailwinds in Australia and New Zealand.

This third commitment follows VPEG6's initial two primary capital commitments to Allegro Fund IV Side Car 2 and Waterman Fund 5, which takes the total quantum of VPEG6's primary capital commitment allocations to over \$40 million.



# EXECUTIVE SUMMARY

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 VPEG6's Online Application form by copying the following link into your web browser;  
<https://apply.automic.com.au/VPEG6>

## **VANTAGE TEAM ADDITIONS**

Following a number of recent additions to the Vantage team across the Directorship & Investment Committee, Finance Team and Investor Relations, Vantage is pleased to announce Oliver Hedley-Whyte has joined the Investment Team as Investment Director. Oliver brings over 10 years of direct mid-market Private Equity experience across Australia and the UK.

The expansion of the Vantage team underscores our firm's evolution and highlights the rising investment momentum across all of Vantage's Private Equity programmes. The addition of Oliver to the investment team also enhances our commitment to exceptional service for our investors and reinforces our dedication to delivering on our core mission.

# PERFORMANCE



# PERFORMANCE

| QUARTER ENDING                                      | 30 SEPTEMBER 2024            |
|-----------------------------------------------------|------------------------------|
| FINAL CLOSE                                         | JANUARY 2019                 |
| STRATEGY                                            | PRIVATE EQUITY FUND OF FUNDS |
| COMMITTED CAPITAL                                   | \$50.70 MILLION              |
| PAID CAPITAL <sup>1</sup>                           | \$50.70 MILLION              |
| VPEG3, LP PER \$ OF COMMITTED CAPITAL PAID          | \$0.75                       |
| VPEG3A PER \$ OF COMMITTED CAPITAL PAID             | \$0.25                       |
| NET ASSET VALUE (NAV) - PER \$ OF COMMITTED CAPITAL | \$1.371                      |
| DISTRIBUTIONS TO PAID IN (DPI) MULTIPLE             | 0.4x                         |
| TOTAL VALUE TO PAID IN (TVPI) MULTIPLE              | 1.8x                         |
| <b>NET ANNUALISED RETURN</b>                        | <b>14.2%</b>                 |
| <b>PORTFOLIO</b>                                    |                              |
| TOTAL COMMITTED CAPITAL TO PRIVATE EQUITY           | \$67.55                      |
| NO. OF PRIMARY COMMITMENTS                          | 7                            |
| NO. OF CO-INVESTMENTS                               | 2                            |
| NO. OF PORTFOLIO COMPANIES                          | 50                           |
| NO. OF EXITS <sup>2</sup>                           | 11                           |
| NO. OF REMAINING PORTFOLIO COMPANIES                | 39                           |

1. Paid capital by all investors VPEG3, LP & VPEG3A, except SIV investors

2. Exit count includes both completed and announced exits at reporting period





# PRIVATE EQUITY PORTFOLIO





# PRIVATE EQUITY PORTFOLIO

## VPEG3 PRIVATE EQUITY PORTFOLIO

| PRIVATE EQUITY FUND NAME                   | FUND / DEAL SIZE (\$M) | VINTAGE | INVESTMENT STRATEGY | COMMITMENT (\$M) | CAPITAL DRAWN (\$M) | PORTFOLIO COMPANIES | EXITS <sup>3</sup> |
|--------------------------------------------|------------------------|---------|---------------------|------------------|---------------------|---------------------|--------------------|
| ADAMANTEM CAPITAL FUND I                   | \$591                  | 2017    | EXPANSION / BUYOUT  | \$10.0           | \$8.46              | 6                   | 1                  |
| ODYSSEY PRIVATE EQUITY FUND 8              | \$275                  | 2017    | EXPANSION / BUYOUT  | \$7.0            | \$6.37              | 6                   | 1                  |
| ADVENT PARTNERS 2 FUND                     | \$300                  | 2017    | EXPANSION / BUYOUT  | \$10.0           | \$9.11              | 7                   | 2                  |
| ALLEGRO FUND III                           | \$290                  | 2017    | BUYOUT              | \$12.0           | \$8.78              | 7                   | 3                  |
| ANCHORAGE CAPITAL PARTNERS FUND III        | \$350                  | 2017    | EXPANSION / BUYOUT  | \$10.0           | \$9.87              | 5                   | 2                  |
| MERCURY FUND 3                             | \$600                  | 2019    | EXPANSION / BUYOUT  | \$7.5            | \$6.90              | 10                  | 1                  |
| NEXT CAPITAL FUND IV                       | \$275                  | 2019    | EXPANSION / BUYOUT  | \$10.0           | \$7.05              | 7                   | -                  |
| CO-INVEST NO.1 FITZPATRICK FINANCIAL GROUP | \$200                  | 2017    | EXPANSION           | \$0.25           | \$0.30              | 1                   | -                  |
| CO-INVEST NO.2 TRIBE BREWING               | \$30                   | 2018    | EXPANSION           | \$0.80           | \$0.75              | 1                   | 1                  |
| <b>TOTAL</b>                               |                        |         |                     | <b>\$67.55</b>   | <b>\$57.59</b>      | <b>50</b>           | <b>11</b>          |

3. Exit count 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  | GBST WEALTH MANAGEMENT     | ANCHORAGE CAPITAL PARTNERS FUND III | FINANCIAL SERVICES TECHNOLOGY PROVIDER TO GLOBAL WEALTH MARKET  | 9.5%    | 9.5%       |
| 2  | QUESTAS GROUP              | ALLEGRO FUND III                    | NETWORK OF NICHE INDUSTRIAL BUSINESSES ACROSS AUSTRALIA         | 7.1%    | 16.6%      |
| 3  | PERTH RADIOLOGICAL CLINICS | ALLEGRO FUND III                    | WESTERN AUSTRALIA'S LARGEST MEDICAL DIAGNOSTIC IMAGING PROVIDER | 5.0%    | 21.6%      |
| 4  | MEDTECH                    | ADVENT PARTNERS 2 FUND              | PROVIDER OF PRACTICE MANAGEMENT SOFTWARE                        | 4.9%    | 26.5%      |
| 5  | HELLERS                    | ADAMANTEM CAPITAL FUND 1            | PRODUCER OF PROCESSED MEATS IN NEW ZEALAND                      | 3.9%    | 30.4%      |
| 6  | DELTA AGRIBUSINESS         | ODYSSEY PRIVATE EQUITY FUND 8       | PROVIDS AGRICULTURAL PRODUCTS AND INDEPENDENT RURAL SERVICES    | 3.7%    | 34.1%      |
| 7  | TEAM GLOBAL EXPRESS        | ALLEGRO FUND III                    | TRANSPORTATION AND LOGISTICS COMPANY                            | 3.6%    | 37.6%      |
| 8  | SILVER CHEF                | NEXT CAPITAL FUND IV                | RENTAL & FINANCING OF COMMERCIAL EQUIPMENT                      | 3.3%    | 40.9%      |
| 9  | FOOD ODYSSEY (SUSHI SUSHI) | ODYSSEY PRIVATE EQUITY FUND 8       | FOOD RETAILING - SUSHI                                          | 3.3%    | 44.3%      |
| 10 | SOUTH PACIFIC LAUNDRIES    | ANCHORAGE CAPITAL PARTNERS FUND III | LEADING NATIONAL LAUNDRY OPERATOR                               | 3.3%    | 47.6%      |



# PRIVATE EQUITY PORTFOLIO

## INDUSTRY DIVERSIFICATION OF PORTFOLIO

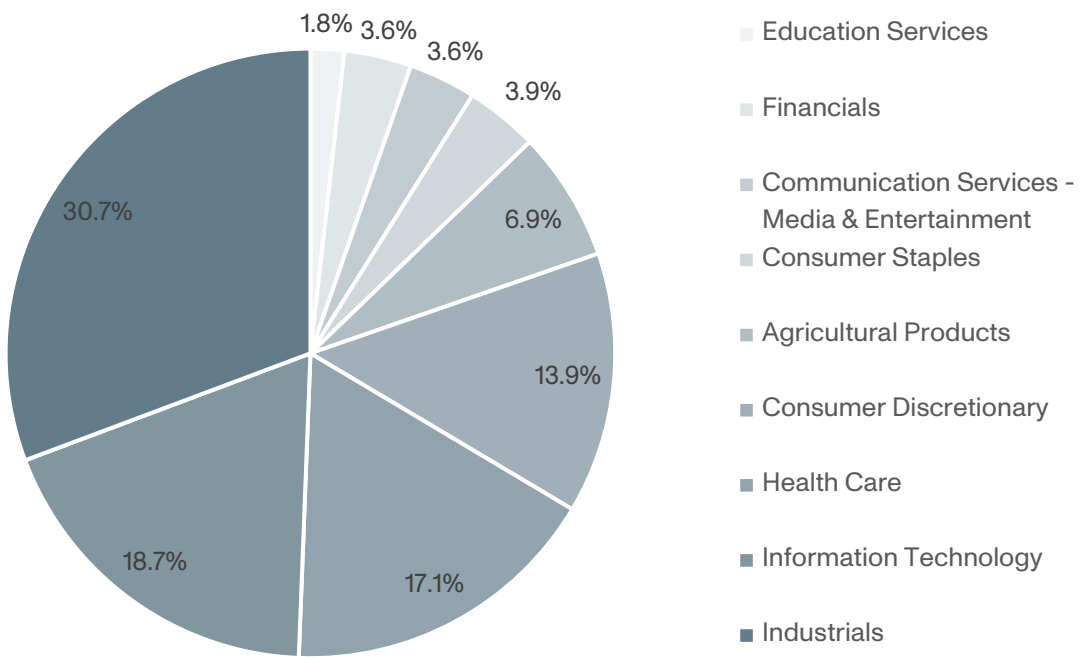


Image: Industry diversification of VPEG3 portfolio at period end. Key is in ascending order.

# PORTFOLIO ACTIVITY





# PORTFOLIO ACTIVITY

With the return of a more predictable and stable operating environment, VPEG3's underlying managers are experiencing increased buyer interest in portfolio companies and are also seeing more favourable conditions to execute bolt-on transactions.

Further, and as reflected in VPEG3's portfolio activity, the continued growth of underlying portfolio companies is expected to see managers explore potential refinancings over the next three to six months. In turn, this should lead to a number of dividend recapitalisations and further distributions to VPEG3 investors over the course of 2024 and 2025.



As reported in the June 2024 quarter report, on 20 August 2024, Advent announced the sale of **Advent Partners 2 Fund (AP2)** portfolio company **Compass Education** to funds managed by Swedish Private Equity firm, EQT for a media reported sale price of ~\$700m.

AP2 acquired Compass in August 2018, and the Advent deal team & Compass management successfully transformed Compass into a leading SaaS School Management System with a global presence, deep functionality and exceptional SaaS metrics.

Advent will receive its entire sale consideration in cash, providing a clean exit from this investment. Completion of the sale is subject to approval from the Foreign Investment Review Board and other change of control consents, which should take place over the coming months.

As at 30 September 2024, VPEG3 had completed investments in 50 underlying portfolio companies, with 11 companies sold from the portfolio at quarter end.



Also during the period, **AP2** portfolio company **Imaging Associates Group (IAG)** completed a bolt-on investment of DiaganostiCare, a radiology clinic located in Melbourne. The acquisition of DiaganostiCare will significantly boost the profitability of IAG and positions IAG as the leading independent radiology provider in Victoria.

In the September quarter, Odyssey Private Equity Fund 8 received a dividend paid by portfolio company Delta Agribusiness.

Upon receipt of these distributions by VPEG3, including proceeds from the sale of Compass Education, a further distribution will be paid to VPEG3 investors, further increasing the Fund's Distributed to Paid-In (DPI) multiple and annualised return.



# MARKET INSIGHTS







# MARKET INSIGHTS

The M&A market is showing encouraging signs with the majority of Vantage's underlying managers becoming increasingly confident and expecting an increase in deal activity for both the remainder of the year and 2025.

2024 has seen lingering concerns of 'sticky' inflation and sustained levels of high interest rates, meaning M&A processes have taken longer to complete or ultimately been put on-hold. However, recent market commentary suggests a marked improvement in sentiment, with dealmakers growing accustomed to the current environment, and both buyers and sellers successfully recalibrating their valuation expectations. This large backlog of deals, improved alignment on valuation, alongside the potential for modest interest rate reductions and an easing of inflationary pressures, is expected to drive a substantial uptick in deal activity in 2025.

As international events have unfolded, geopolitical factors have become an increasingly important feature to consider when assessing M&A. However, rather than suppressing deal M&A appetite in Australia and New Zealand, this uncertainty has helped position these markets as increasingly attractive destinations for capital deployment due to their stable economies and predictable political environments.

Vantage's underlying managers are well-placed to benefit from these key themes, particularly given their focus on the lower to mid-market segment. There continues to be an abundance of high-quality investment opportunities with founders and management teams attracted to local, established private equity managers that can help accelerate their growth ambitions. Meanwhile, these same managers can then benefit at exit from the substantial pool of buyers that are eager to deploy capital into high-quality, scaled platforms with potential to grow offshore.

During Q1 FY2025, Vantage's flagship Private Equity Funds witnessed this with the announced sales of portfolio companies: Compass Education (VPEG3) to global private equity investor EQT, and Civilmart (VPEG4 & VPEG5) to Irish industrials conglomerate CRH Company.

Overall private equity transaction activity remained consistent with the prior quarter with 11 acquisitions across healthcare, education, software and business support sectors, alongside four completed or announced exits.

# 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 the Vantage Private Equity Growth 3. 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

