

VANTAGE PRIVATE EQUITY GROWTH 3

QUARTERLY REPORT
30 JUNE 2018

VPEG3
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 3, 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. This report 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

BACKGROUND

Vantage Private Equity Growth 3 (VPEG3) is a multi-manager Private Equity investment fund consisting of Vantage Private Equity Growth 3, LP (VPEG3,LP) an Australian Fund of Funds (AFOF) Limited Partnership and Vantage Private Equity Growth Trust 3A (VPEG3A) an Australian Unit Trust.

VPEG3,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.

VPEG3A 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 VPEG3 Investors that are not SIV investors, are unit holders in VPEG3A. VPEG3A also qualifies as a Managed Investment Trust (MIT) for Australian Tax purposes.

VPEG3 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 on its Private Equity investments while keeping the volatility of the overall investment portfolio low. This is achieved by investing across a highly diversified portfolio of Private Equity assets with diversification obtained by allocating across fund manager, geographic region, financing stage, industry sector and vintage year.

VPEG3 will invest the majority of its Investment Portfolio into Australian based Private Equity funds who in turn are focused on investing into small to mid-market sized companies headquartered in Australia and New Zealand, with enterprise value of between \$25m and \$250m at investment.

VPEG3 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 Healthcare, Consumer Discretionary, Education and Tourism sectors.

As at 30 June 2018 VPEG3 has committed \$49.25m across five Primary Private equity funds and had completed one co-investment. As a result, a total of eight underlying company investments exist within the portfolio at quarter end. VPEG3's investment commitments include; \$12m to Allegro Fund III; \$10m to each of Adamantem Capital Fund 1, Advent Partners 2 Fund and Anchorage Capital Partners Fund III and \$7m to Odyssey Private Equity Fund 8. VPEG3 has also completed a \$250k Co-Investment into Fitzpatrick Financial Group.

PERFORMANCE

SPECIAL POINTS OF INTEREST

ODYSSEY FUND 8 COMPLETES THE ACQUISITION OF MINE SITE TECHNOLOGIES, A LEADING PROVIDER OF UNIFIED COMMUNICATION PRODUCTS.

ADAMANTEM CAPITAL FUND I INVESTS IN SERVIAN, A SPECIALISED DATA AND ANALYTICS CONSULTANCY FIRM

VPEG3'S UNDERLYING PORTFOLIO EXPANDS TO EIGHT UNDERLYING COMPANIES OPERATING ACROSS A BROAD RANGE OF INDUSTRY SECTORS

The period 1 April 2018 to 30 June 2018 saw the addition of two new investments to the portfolio and the completion of two further bolt on acquisitions added to existing investments within the portfolio.

The two new underlying company investments completed during the quarter were completed by Odyssey Private Equity Fund 8 and Adamantem Capital Fund 1.

The number and size of underlying investments within the VPEG3 portfolio is set to increase over the coming months with all underlying fund managers actively evaluating several new and bolt-on investment opportunities.

As at 30 June 2018, all VPEG3 Investors had Paid Capital to VPEG3,LP totalling 20% of their Committed Capital to VPEG3. Furthermore VPEG3 Investors, with the exception of SIV investors, had Called Capital, paid or due to VPEG3A, totalling 6% of their Committed Capital to VPEG3 at quarter end.

KEY PORTFOLIO DEVELOPMENTS

During the June 2018 quarter, VPEG3 continued the development of its private equity portfolio with two new underlying company investments added to the portfolio. Draw downs during the quarter from VPEG3, totaling \$1,843,355, were made to Adamantem Capital Fund I, Advent Partners 2 Fund , Allegro Fund III and Odyssey Private Equity Fund 8.

Calls paid during the quarter were required to fund one of the new company investments. Additional capital was called during the quarter to fund other costs associated with the operations of underlying funds, including management fees and due diligence costs incurred in completing the two new investments.

KEY PORTFOLIO DEVELOPMENTS

(CONTINUED)

VPEG3'S UNDERLYING PORTFOLIO EXPANDS TO EIGHT UNDERLYING COMPANIES OPERATING ACROSS A BROAD RANGE OF INDUSTRY SECTORS

During June 2018, Odyssey Private Equity Fund 8 completed the management buyout of the leading provider of unified communication products to the mining and tunnelling sectors, Mine Site Technologies.

Also, during June 2018, Adamantem Capital Fund I invested in Servian, a specialised data and analytics consultancy firm.

The number of underlying company investments in VPEG3's portfolio is set to increase over the coming year with fund managers reporting solid pipelines of investment opportunities which is expected to lead to the completion of further new investments during the second half of 2018.

OVERVIEW OF NEW INVESTMENTS

Servian - Adamantem Capital Fund I



During June 2018, Adamantem Capital Fund I invested in specialised data and analytics consulting firm, Servian Group (Servian).

Founded in 2007 by current CEO Tony Nicol, Servian is a specialised, Australian-based data and analytics consultancy. Servian provides advisory, consulting, and managed services to predominantly Tier 1 clients in the financial services, telecommunications and retail sectors. Servian's core service offering includes:

- Implementation and customisation of complex data management and analytical tools, often in cloud environments;
- Development of advanced, bespoke analytics solutions for improved decision making, business process automation, and customer experience; and
- Development of user-friendly digital interfaces for employees and customers, usually delivered alongside a newly implemented analytical tool or application.

With more than 250 employees across Australia and India, and deep management capability, Servian is well positioned for both organic and inorganic growth.

OVERVIEW OF NEW INVESTMENTS

(CONTINUED)



Mine Site Technologies - Odyssey Fund 8

During June 2018, Odyssey Private Equity Fund 8 completed the investment in the leading provider of unified communication products, Mine Site Technologies (MST).

MST provides fit for purpose hardware combined with smart software solutions to support productivity and safety processes in underground mines and tunnels, as well as surface mining. MST has been developing, manufacturing, deploying and supporting mine and tunnel communication systems for over 27 years.

Data and communication networks in general business and society are the essential backbone to support systems that deliver business value. MST's digital platforms are specifically engineered for the underground environment to enable and support a large range of productivity and safety systems at any mining operation, as well as tunneling projects.

With over 600 technology deployments worldwide, MST's underground digital networks and IoT platforms are embedded in many mines' production and safety processes. The systems enable voice and data communications, tracking and tagging of personnel and vehicles, emergency evacuation warning, and proximity detection systems/collision avoidance. This core data is then further analysed and reported onto management to better manage time and attendance, asset utilisation, production measurement, emergency mustering, remote blasting and geotechnical and environmental monitoring.

In addition, MST subsidiary Nixon Communications provides specialist surface radio and networking services throughout Australia.

PORTFOLIO STRUCTURE

VPEG3 currently has \$49.25m in commitments and investments across five underlying private equity funds and one co-investment

VPEG3's Portfolio Structure - 30 June 2018

The tables and charts below provide information on the breakdown of VPEG3's investments as at 30 June 2018

Current Investment Allocation

The following tables provide the percentage split of each of the VPEG3 entities, current investment portfolio's, 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 VPEG3's Private Equity portfolio.

As at 30 June 2018, the private equity component of VPEG3,LP's investment portfolio consisted of five investments including; Hygain Holdings, Mine Site Technologies, OZtrail, Silk Laser Clinics and Servian.

VPEG 3,LP			
Cash	Fixed Interest	Private Equity	
19.4%	33.9%	Later Expansion	6.7%
		Buyout	40.0%

As at 30 June 2018, the private equity component of VPEG3A's investment portfolio consisted of three investments including; Heritage Lifecare, Ngahua Group and Fitzpatrick Financial Group.

VPEG 3A			
Cash	Fixed Interest	Private Equity	
31.6%	13.0%	Later Expansion	34.1%
		Buyout	21.3%

PORTFOLIO STRUCTURE

(CONTINUED)

Private Equity Portfolio

VPEG3, with commitments to five Private Equity funds, ultimately held interests in eight underlying company investments at quarter end. (These represent completed acquisitions within the portfolio as at 30 June 2018). As a result, VPEG3's Private Equity portfolio and commitments, as at 30 June 2018, were as follows

Private Equity Fund Name	Fund / Deal Size	Vintage Year	Investment Focus	VPEG3 Commitment	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Adamantem Capital Fund 1	\$608m	2017	Mid Market Expansion / Buyout	\$10.0m	\$1.89m	3	-
Odyssey Private Equity Fund 8	\$275m	2017	Mid Market Growth Capital	\$7.0m	\$1.97m	2	-
Advent Partners 2 Fund	\$300m	2017	Lower - Mid Market Expansion / Buyout	\$10.0m	\$0.31m	1	-
Allegro Fund III	\$390m	2017	Small to Mid Market Expansion / Buyout	\$12.0m	\$0.35m	1	-
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Expansion / Buyout	\$10.0m	\$0.00m	-	-
Co-invest (Fitzpatrick Financial Group)	\$200m	2017	Mid Market Expansion	\$0.25m	\$0.26m	1	-
Total				\$49.25m	\$4.78m	8	-

Summary of VPEG3's Underlying Private Equity Investments

The table below provides an overview of the spread of underlying private equity investments in VPEG3's portfolio. Funding was called from, and paid by VPEG3, for its share of each of the Ngahaia Group, SILK Laser Clinics and Servian investments, subsequent to the end of the June 2018 quarter. As such, the percentage of these investments of VPEG3's total Private Equity Investment portfolio of Paid Capital is negligible as at 30 June 2018.

Rank	Investment	Fund	Description	% of VPEG3's Private Equity Investments	Cumulative %
1	Mining Technologies Holdings Pty Limited	Odyssey Private Equity Fund 8	Leading global provider of data & voice communications	23.8%	23.8%
2	Adventure Holdings Australia Pty Ltd (Oztrail)	Odyssey Private Equity Fund 8	Leading outdoor equipment brand	23.7%	47.4%
3	Heritage Lifecare Limited	Adamantem Capital Fund 1	New-Zealand age-care & retirement village operator	23.4%	70.9%
4	Hygain	Adamantem Capital Fund 1	Australian horse feed & supplement manufacturer & distributor	19.9%	90.8%
5	Fitzpatrick Financial Group	Co-Investment	Wealth management firm	7.0%	97.8%
6	Ngahaia Group	Allegro III	New Zealand footwear retailer	2.2%	100.0%
7	Servian Group	Adamantem Capital Fund 1	Australia's leading specialist in data analytics consulting firm	0.0%	100.0%
8	SILK Laser & Skin Holdings Pty Ltd	Advent Partners 2 Fund	Premium provider of laser and skin rejuvenation services.	0.0%	100.0%

PORTFOLIO STRUCTURE

(CONTINUED)

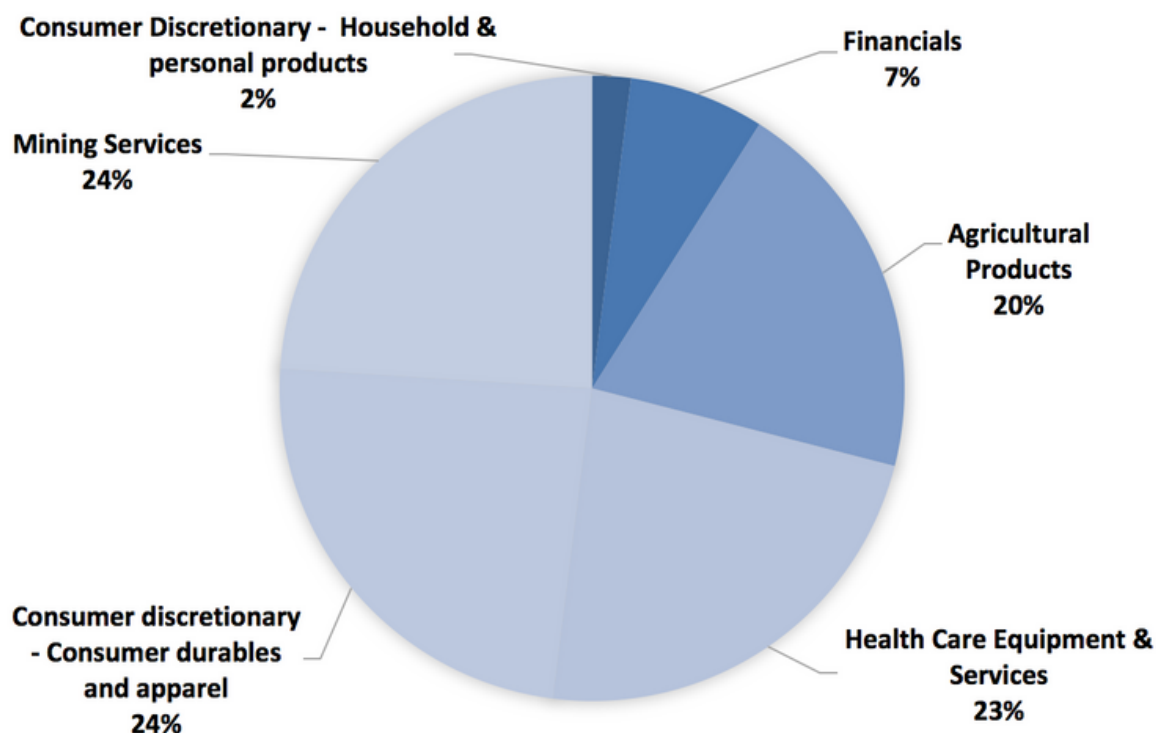
Industry Spread of VPEG3's Underlying Investments

The completion of the investment in Mine Site Technologies by investee Odyssey Private Equity Fund 8 during the quarter, increased VPEG3's exposure to the "Mining Services" sector from 0% to 24%.

As a result, all other industry sector exposures reduced, in overall percentage terms, to accommodate the Mine Site Technologies investment completed during the quarter.

In Addition, the investment in SILK Laser Clinics by VPEG3 investee Advent Partners 2 Fund, completed during the March 2018 quarter, was "bridge" funded by Advent. Funds were called from VPEG3 to pay for its share of this investment during the September 2018 quarter. Following payment of that capital, VPEG3's exposure to the "Health Care" industry sector will increase.

Finally, the investment into Servian by VPEG3 investee Adamantem Capital Fund I, completed during the June 2018 quarter, was subsequently called from VPEG3 during July 2018 for its share of this investment. Following payment of that capital, VPEG3's exposure to the "Information Technology - Software & Services" industry sector will increase and be included within the sector exposure pie chart, in the September 2018 quarterly investor report.



MARKET UPDATE

Deal Pipeline

During the quarter VPEG3's underlying managers reviewed and progressed a number of investment opportunities and are currently involved in active discussions with vendors in the education, precision manufacturing, consumer foods, healthcare and industrial services sectors. In addition underlying fund manager's advise that they continue to seek opportunities to grow their current existing portfolio companies, in line with each of their strategic objectives. In this regard, underlying managers are pursuing both bolt-on and transformative acquisition opportunities and are in active discussions on transactions to support the expansion of existing portfolio companies.

VPEG3's Underlying fund manager's report that they are encouraged with the potential investment pipeline and that it contains a number of attractive opportunities. As such we expect that at least a further two new investments are likely to be finalised this calendar year and added to the VPEG3 portfolio.

Market & Economic Conditions

Private equity activity in the Australian market was higher during the June 2018 quarter than the preceding quarter. Over the past three months there were six announced new private equity investments in the Australian market that were within our underlying fund manager's target investment range.

In addition, there were ten announced private equity exits during the quarter, seven of which traded to secondary private equity bidders.

Valuations of Australian public companies remain in line with their long-term averages, with the ASX-200 trading at a forward P/E multiple of 15.7 times, slightly above its five-year average of 15.6 times. Australia continues to compare favourably to the US on a valuation basis, with the S&P 500 trading at 16.1 times on a forward P/E multiple basis.

Macroeconomic indicators in Australia continue to remain solid with annual GDP growth of 3.1% (above consensus estimates) and unemployment trending down slightly to 5.4% in June. Business confidence indexes also remain positive with prospects for further business investment.

We continue to see trends in the Australian economy conducive to M&A activity in attractive, long-term growth sectors in our underlying fund's target investment segments, which ultimately will provide continued strong deal flow to these funds, resulting in an increase in the number of underlying companies in the VPEG3 portfolio over the remainder of 2018.

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