

VANTAGE PRIVATE EQUITY GROWTH 3

QUARTERLY REPORT
30 JUNE 2019

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 2019 VPEG3 had committed \$67.30m across seven Primary Private Equity Funds and two co-investments. As a result, a total of 18 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, Anchorage Capital Partners Fund III and Next Capital Fund IV, \$7.5m to Mercury Capital Fund 3 and \$7m to Odyssey Private Equity Fund 8. VPEG3 co-investments include; \$0.25m into Fitzpatrick Financial Group and \$0.5m into Tribe Brewing.

SPECIAL POINTS OF INTEREST

ODYSSEY FUND 8 ACQUIRES SUSHI SUSHI, AUSTRALIA'S LARGEST JAPANESE FOOD RETAILER AND DELTA AGRIBUSINESS ONE OF AUSTRALIA'S LEADING INDEPENDENT AGRIBUSINESSES.

ODYSSEY FUND 8 ANNOUNCES AN INVESTMENT INTO SPECIALIST AUSTRALIAN WOMEN'S FOOTWEAR COMPANY, FRANKI4.

ALLEGRO FUND III ACQUIRES A MAJORITY STAKE IN QUESTAS GROUP, ONE OF AUSTRALIA'S LARGEST INDEPENDENT HYDRAULICS AND WATER COMPANIES.

VPEG3'S PORTFOLIO EXPANDS TO 18 UNDERLYING COMPANY INVESTMENTS, OPERATING ACROSS A BROAD RANGE OF INDUSTRY SECTORS.

PERFORMANCE

The period 1 April 2019 to 30 June 2019 saw continued activity across the Fund's underlying of Private Equity portfolio.

During the period, three new underlying Private Equity investments were added to VPEG3's portfolio, with Odyssey Fund 8 completing two deals and Allegro Fund III completing one underlying investment.

Additionally, during the quarter a further new underlying Private Equity investment was announced by Odyssey Fund 8 bringing the total number of underlying private company investments, in VPEG3's portfolio, to eighteen.

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 2019, all VPEG3 Investors had Paid Capital to VPEG3, LP totalling 33% of their Committed Capital to VPEG3. Furthermore, all VPEG3 Investors, with the exception of SIV investors, had Paid Capital to VPEG3A, totalling 8% of their Committed Capital to VPEG3 at quarter end.

KEY PORTFOLIO DEVELOPMENTS

During the June 2019 quarter, VPEG3 continued the development of its Private Equity portfolio with three new underlying company investments added to the portfolio and one further investment announced at quarter end.

Draw-downs during the quarter from VPEG3, totaling \$3,208,442 were paid to Adamantem Capital Fund 1, Advent Partners 2, Allegro Fund III and Odyssey Private Equity Fund 8.

KEY PORTFOLIO DEVELOPMENTS_(cont.)

VPEG3'S PORTFOLIO EXPANDS TO 18 UNDERLYING COMPANIES OPERATING ACROSS A BROAD RANGE OF INDUSTRY SECTORS

The majority of calls paid during the quarter were to fund new underlying company investments or to repay bridge funding that had been utilised by underlying funds when they initially acquired portfolio companies during the calendar year 2018. Additional capital was called to fund other costs associated with the operations of underlying funds, including management fees and due diligence costs incurred in completing new investments.

During April 2019, Odyssey Private Equity Fund 8 completed the acquisition of Sushi Sushi, a vertically-integrated food business that supplies sushi and other Japanese-inspired healthy convenience foods through more than 140 company owned and franchised stores across Australia.

Also during April 2019, Odyssey Private Equity Fund 8 invested in Delta Agribusiness a leading provider of independent rural services and the retail of agricultural inputs.

During June 2019, Allegro Fund III completed an investment into Questas Group, one of Australia's leading providers of hydraulic, irrigation, pump and engine solutions to the mining, construction, agricultural and general industrial sectors.

Additionally, during June 2019, Odyssey Private Equity Fund 8 announced an investment into an Australian leading and award-winning women's supportive footwear business, FRANKi4.

The number of underlying company investments in VPEG3's portfolio is set to increase over the coming year with fund managers reporting a solid pipeline of investment opportunities which is expected to lead to the completion of further new investments across the remainder of 2019.

OVERVIEW OF NEW INVESTMENTS

Sushi Sushi – Odyssey Private Equity Fund 8



On 4 April 2019, Odyssey Fund 8 completed an investment in Sushi Sushi a vertically-integrated food business that supplies sushi and other Japanese-inspired healthy convenience foods through 140 company-owned and franchised stores and commercial sales channels throughout Australia. The company is headquartered in Melbourne and has a state-of-the-art processing facility located in Mount Waverley, Victoria, along with four warehouses and distribution centres in Perth, Brisbane and Melbourne and more than 1300 staff.

Odyssey were attracted to the investment due to a shifting of Australians eating habits, into a well-balanced diet of nutritional, fresh food as well as affordability along with the company's management team. Additionally, the growth in demand for sushi and Japanese inspired food more generally is being driven by consumers' demand for healthy and convenient meals.

Odyssey have a strong understanding of Sushi Sushi's fresh food convenience model that is highly flexible, providing the business with the ability to grow into segments beyond that of other quick service restaurant businesses. The company has the capability to grow its store presence into smaller locations and traditional shopping centre environments as well as high street locations, hospitals, petrol and convenience stores, airports and sporting events.

Delta Agribusiness – Odyssey Private Equity Fund 8



During April 2019, Odyssey Fund 8 invested in Delta Agribusiness (Delta Ag), a leading provider of independent rural services and the retail of agricultural inputs operating through 28 locations across regional New South Wales and Southern Queensland.

Delta Ag provides agronomy advice to farmers, sells farm inputs such as fertilisers, crop protection products, seed and general merchandise, and also provides livestock and grain advisory and marketing. The Group employs over 230 people and encompasses Lachlan Fertilizers Rural at Grenfell and Cowra.

Delta Ag operates a full service business model, and provides a key supportive role to its many clients via its unique technical and advisory offerings. With a growing network of over 40 highly experienced Farm advisors and Agronomy specialists with a combined 300 years of service to the industry, the Delta Ag group is widely recognized as the leaders in technical services to rural producers in the southern New South Wales region.

OVERVIEW OF NEW INVESTMENTS (cont.)

Questas Group – Allegro Fund III



On 18 June 2019, Allegro announced the acquisition of a majority stake in Australian industrial firm Questas in a partnering deal with the company's founder.

Established in 1996, Questas comprises a group of companies operating through a national branch network to provide hydraulic, irrigation, pump and engine solutions to the mining, construction, agricultural and general industrial sectors.

For more than 20 years Questas has successfully acquired, operated and transformed niche industrial businesses to become one of Australia's largest independent hydraulics and water companies with a suite of brands.

OVERVIEW OF RECENTLY ANNOUNCED INVESTMENT

FRANKiE4 – Odyssey Private Equity Fund 8



During the June 2019 quarter, Odyssey Fund 8 announced that they had acquired a significant minority stake in FRANKiE4 alongside the company's founder shareholders.

FRANKiE4 is a leading and award-winning women's supportive footwear label with a difference. Founded in 2011 by podiatrists and a physiotherapist, FRANKiE4's unique designs and patented support technologies enhance customers' foot, lower limb and overall health. FRANKiE4 combines a knowledge of biomechanics with a sense of style, to deliver great footwear that women feel comfortable in and love to wear.

FRANKiE4 markets across all of its national distribution channels including online, pop-up and concept stores, and an expanding network of retail and allied health stockists across Australia and New Zealand.

PORTFOLIO STRUCTURE

VPEG3 currently has \$67.30m in commitments and investments across seven underlying Private Equity funds and two co-investments

VPEG3's Portfolio Structure - 30 June 2019

The tables and charts below provide information on the breakdown of VPEG3's investments as at 30 June 2019.

Current Investment Allocation

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

As at 30 June 2019, the private equity component of VPEG3, LP's investment portfolio consisted of fourteen completed investments and one announced investment, which include; Hygain Holdings, Ngahuia Group, Endeavour Learning Group, Servian Group, Adventure Holdings Australia Pty Ltd (Oztrail), Mining Technologies Holdings Pty Limited, SILK Laser & Skin Holdings Pty Ltd, Compass Education, South Pacific Laundries, Zenitas Healthcare, Hellers, Delta Agribusiness, Sushi Sushi, Questas Group and FRANKiE4.

VPEG 3,LP			
Cash	Fixed Interest	Private Equity	
0.1%	4.8%	Later Expansion	46.0%
		Buyout	49.1%

As at 30 June 2019, the private equity component of VPEG3A's investment portfolio consisted of three investments including; Heritage Lifecare, Fitzpatrick Financial Group and Tribe Brewing.

VPEG 3A			
Cash	Fixed Interest	Private Equity	
0.3%	30.6%	Later Expansion	25.1%
		Buyout	44.0%

PORTFOLIO STRUCTURE (cont.)

Private Equity Portfolio

VPEG3, with commitments to seven Private Equity funds and two co-investments, ultimately held interests in 18 underlying company investments at quarter end (these represent completed and announced acquisitions within the portfolio at quarter end). As a result, VPEG3's Private Equity portfolio and commitments, as at 30 June 2019, 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	\$591m	2017	Mid Market Expansion / Buyout	\$10.0m	\$5.68m	5	-	
Odyssey Private Equity Fund 8	\$275m	2017	Mid Market Growth Capital	\$7.0m	\$3.74m	5	-	
Advent Partners 2 Fund	\$300m	2017	Mid Market Expansion / Buyout	\$10.0m	\$2.51m	2	-	
Allegro Fund III	\$290m	2017	Mid Market Expansion / Buyout	\$12.0m	\$2.01m	3	-	
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Expansion / Buyout	\$10.0m	\$0.42m	1	-	
Mercury Fund III	\$600m	2019	Mid Market Expansion	\$7.5m	\$0.15m	0	-	
Next Capital Fund IV	\$350m*	2019	Mid Market Expansion	\$10.0m	-	0	-	
Co-invest (Fitzpatrick Financial Group)	\$200m	2017	Mid Market Expansion	\$0.25m	\$0.27m	1	-	
Co-invest (Tribe Brewing)	\$30m	2018	Mid Market Expansion	\$0.55m	\$0.51m	1	-	
				Total	\$67.30m	\$15.28m	18	-

*: Target fund size

PORTFOLIO STRUCTURE (cont.)

Summary of VPEG3's Underlying Private Equity Investments

The table below provides an overview of the top ten underlying private equity investments in VPEG3's portfolio.

Rank	Investment	Fund	Description	% of VPEG3's Private Equity Investments	Cumulative %
1	Hygain	Adamantem Capital Fund 1	Australian horse feed & supplement manufacturer & distributor	11.8%	11.8%
2	Compass Education	Advent Partners 2 Fund	Student information system software / services provider	9.6%	21.4%
3	Heritage Lifecare Limited	Adamantem Capital Fund 1	New-Zealand age-care & retirement village operator	8.2%	29.6%
4	Zenitas Healthcare	Adamantem Capital Fund 1	Community-based healthcare provider	8.1%	37.7%
5	Mining Technologies Holdings Pty Limited	Odyssey Private Equity Fund 8	Leading global provider of data & voice communications	8.1%	45.8%
6	Hellers	Adamantem Capital Fund 1	Producer of processed meats in New Zealand	8.0%	53.8%
7	Adventure Holdings Australia Pty Ltd (Oztrail)	Odyssey Private Equity Fund 8	Leading outdoor equipment brand	7.7%	61.6%
8	Food Odyssey (Sushi Sushi)	Odyssey Private Equity Fund 8	Food retailing - Sushi	7.2%	68.8%
9	SILK Laser & Skin Holdings Pty Ltd	Advent Partners 2 Fund	Premium provider of laser and skin rejuvenation services.	5.4%	74.2%
10	Questas Group	Allegro III	Network of niche industrial businesses across Australia	4.9%	79.2%

PORTFOLIO STRUCTURE (cont.)

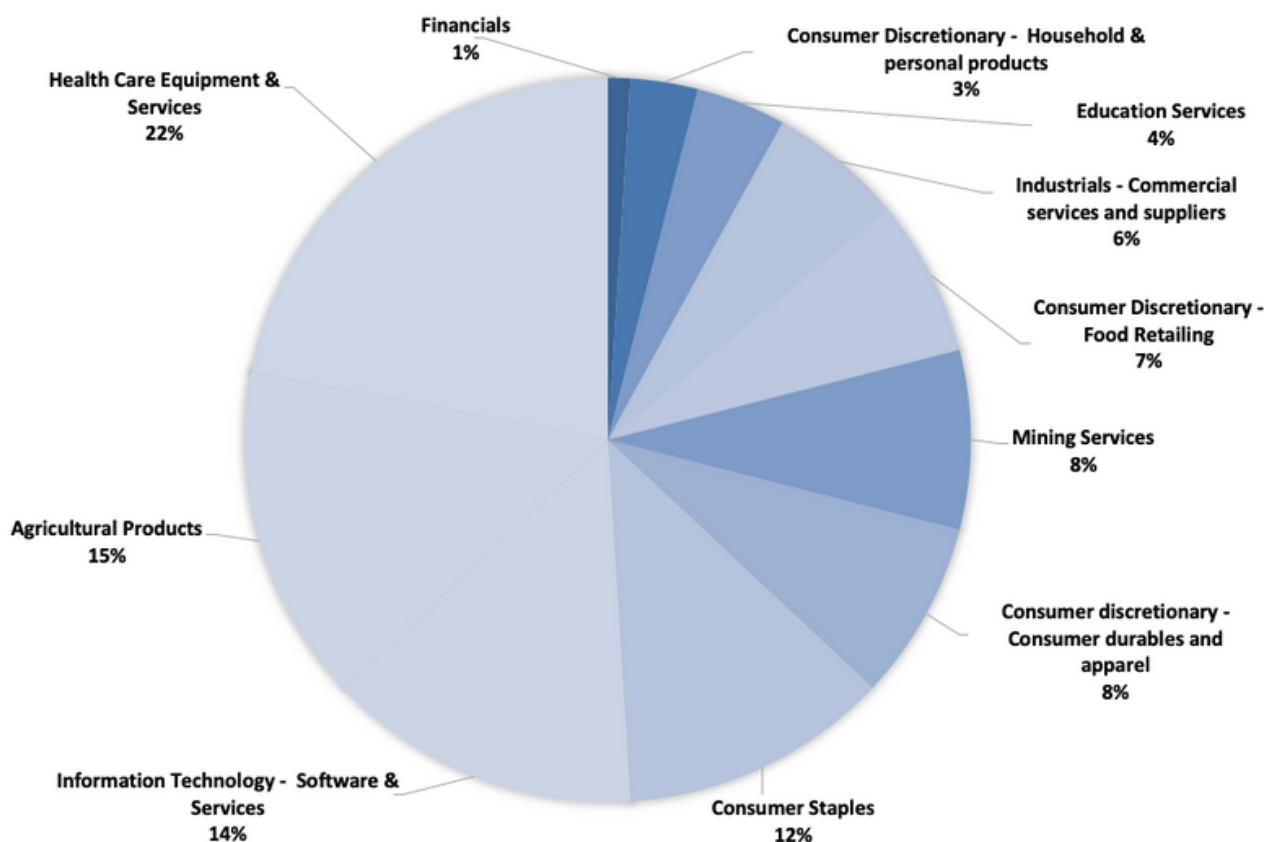
Industry Spread of VPEG3's Underlying Investments

The completion of the investments in Sushi Sushi, by investee Odyssey Fund 8 during the quarter, commenced VPEG3's exposure to the "Consumer Discretionary - Food Retailing" industry sector from 0% to 7%.

The completion of the investment into Delta Agribusiness, by investee Odyssey Fund 8 during the quarter, increased VPEG3's exposure to the "Agricultural Products" industry sector from 9% to 15%.

Furthermore, following the acquisition of Questas Group, by investee Allegro Fund III during the June 2019, VPEG3's exposure to the "Industrials - Commercial services and supplies" industry sector increased from 2% to 6%.

As a result, all other industry sector exposures of VPEG3's underlying portfolio, reduced marginally. The "Health Care Equipment & Services" sector remains as VPEG3's largest industry sector exposure at 22%.



MARKET UPDATE

Market & Economic Conditions

During June 2019 the Australian Bureau of Statistics (ABS) released the GDP figures for the March quarter. These showed that the Australian economy expanded by 0.4% in the first quarter of 2019, accelerating from 0.3% in the December quarter but missing expectations of 0.5%. This brought annual growth to 1.8% which is below the long-run average. Unemployment remains low but edged higher to 5.2% and inflation was below the target range at 1.3%, predominantly caused by low wages growth. Private debt levels remain relatively high in Australia, while net government debt is at 28% of GDP, one of the lowest amongst developed economies. In New Zealand, economic conditions remained positive this quarter with unemployment at 4.1% and economic growth solid at 2.9% on an annualised basis.

The Reserve Bank of Australia (RBA) responded to this sluggish growth within Australia with two consecutive 25 bps rate cuts in June and July taking official interest rates to an historic low of 1%. The RBA Board announced they will continue to monitor developments in the labour market with some commentators suggesting further rate cuts to boost to consumer spending, wage inflation and lower underemployment are possible in 2019.

The flow of investment opportunities for VPEG3's underlying funds, continues to be encouraging, with a steady number of companies seeking to raise capital or sell some or all of their equity. With the public equity markets becoming increasingly selective, the deal flow to the private equity sector will inherently increase. In the first half of 2019 there were 13 new private equity investments completed in Australia, with 5 deals being completed in the June 2019 quarter alone.

The opportunities for exits also remain plentiful. Liquidity is available by sales to trade buyers, other private equity firms specialising in bigger transactions, and through the public markets. Of the three routes, the IPO market remains highly selective but genuine growth outlooks are being rewarded with high price multiples. Anecdotal evidence continues to suggest that deals being exited are generating strong returns for investors.

Based on the exits being achieved in the local market at the present time it seems likely that funds with current vintages will report very good results. It will, however, take some time before overall fund performances will be observed.

With the Australian and New Zealand economies growing at a more modest rate than they have in the past, there will be an increasing premium on identifying areas (and companies within those areas) that offer above average growth. With limited competition from other sponsors in the lower to mid-market segment in which VPEG3's underlying funds operate as well as sensible banking arrangements remaining available, VPEG3's underlying fund managers are confident of generating attractive investment returns from their portfolio of investments across the term of their funds and that of VPEG3.

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