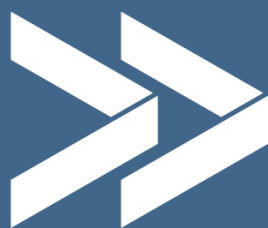


VPEG3

DIVERSIFY
GROW
OUTPERFORM



Vantage Private Equity Growth 3, LP
Quarterly Report
30 September 2020

TABLE OF CONTENTS

- 3 SUMMARY
- 4 PERFORMANCE
- 5 KEY PORTFOLIO DEVELOPMENTS
- 7 OVERVIEW OF NEW INVESTMENTS
- 8 PORTFOLIO STRUCTURE
- 12 VPEG3 UNDERLYING PORTFOLIO VALUATION UPDATE
- 13 MARKET & ECONOMIC CONDITIONS

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

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 lower to mid-market sized companies headquartered in Australia and New Zealand, with enterprise value of between \$25 million and \$250 million at investment.

VPEG3 has developed a diversified portfolio of underlying investments by investing into seven underlying Private Equity funds in which it has made investment commitments, who in turn are focused on investments into profitable companies in defensive and growth industry sectors including the Healthcare, Consumer Staple, Information Technology and Agricultural Products.

SPECIAL POINTS OF INTEREST

Next Capital Fund IV invests in Eptec Group, a specialist contractor providing asset preservation, life extension and maintenance services to marine, critical transport and infrastructure assets in Australia

A significant majority of companies in VPEG4's underlying portfolio, representing 95% of total NAV, maintained or increased in value across the quarter

The improvement in value across the portfolio delivered a 4.8% increase in VPEG3's Consolidated NAV across the quarter

VPEG3 investee Advent Partners 2 prepares SILK Laser Clinics for exit via IPO listing on the ASX, which is expected to be completed by December 2020 delivering a strong return on investment

SUMMARY cont.

As at 30 September 2020, VPEG3 had committed \$67.50 million across seven Primary Private Equity Funds and two co-investments. As a result, a total of 34 underlying company investments exist within the portfolio at quarter end. VPEG3's investment commitments include; \$12 million to Allegro Fund III; \$10 million to each of Adamantem Capital Fund 1, Advent Partners 2 Fund, Anchorage Capital Partners Fund III and Next Capital Fund IV, \$7.5 million to Mercury Capital Fund 3 and \$7 million to Odyssey Private Equity Fund 8. VPEG3 co-investments include; \$0.25 million into Fitzpatrick Financial Group and \$0.75 million into Tribe Brewing.

PERFORMANCE

The period 1 July 2020 to 30 September 2020, saw continued activity across the portfolio with one new underlying company investment being completed and added to VPEG3's portfolio. The acquisition was completed by VPEG3 underlying fund Next Capital Fund IV. As a result, the total number of underlying company investments in VPEG3's portfolio at quarter end was thirty four.

On a consolidated basis across both VPEG3, LP and VPEG3A the total NAV per dollar of Committed Capital to VPEG3 increased across the quarter from \$0.761 at 30 June 2020 to \$0.819 at 30 September 2020. A portion of the increase in Consolidated NAV was attributable to the additional 2% of VPEG3 Committed Capital Paid to VPEG3A during the quarter, by all Investors except SIV Investors.

Month Ending	VPEG3 NAV (Consolidated) / \$ of Committed Capital to VPEG3 (\$)
30-Sep-20	0.819
31-Aug-20	0.754
31-Jul-20	0.757
30-Jun-20	0.761

Excluding the increase in NAV caused by the increase in Paid Capital, the increase in the VPEG3 Consolidated NAV across the September 2020 quarter was 4.8% (19.4% annualised). The increase in VPEG3 NAV was due to an increase in the unrealised value of a significant majority of underlying investments across VPEG3's portfolio at quarter end.

As at 30 September 2020, all VPEG3 Investors had Paid Capital to VPEG3, LP totalling 55.625% of their Committed Capital to VPEG3. Furthermore, all VPEG3 investors, with the exception of SIV investors, had Paid Capital to VPEG3A, totalling 25.0% of their Committed Capital to VPEG3.

KEY PORTFOLIO DEVELOPMENTS

During the September 2020 quarter, VPEG3 continued the development of its Private Equity portfolio with one new underlying company investment completed and added to VPEG3's portfolio.

Drawdowns during the quarter from VPEG3, totaling \$670,882 were paid to Allegro Fund III, Fitzpatrick Financial Group, Mercury Capital Fund 3 and Tribe Brewing.

The majority of calls paid during the quarter were to fund one new underlying company investment that was initially acquired during the June 2020 quarter. Additional capital was also called due to the costs associated with the operations of underlying funds, including management fees and due diligence costs incurred in completing new investments.

During July 2020, Next Capital Fund IV invested in Eptec Group, a specialist contractor providing asset preservation, life extension and maintenance services to the marine sector and other critical transport and infrastructure assets in Australia.

Also, during the quarter, VPEG3 investee Advent Partners 2 commenced evaluating its exit options of underlying portfolio company SILK Laser Clinics and had appointed Highbury Partnership, Wilsons and Ord Minnett to assess an IPO. Subject to support from investors, the Company is working towards a listing in mid-December. If SILK is successfully listed on the ASX, Advent will look to sell down approximately half of the current holdings to provide partial liquidity for the fund. This exit will be the first to occur from VPEG3's portfolio and will deliver the Fund a strong investment return over a 1.8 year hold period.

VPEG3's underlying Private Equity fund managers' continue to engage in active communications with the management of each underlying portfolio company to ensure that they continue to remain sufficiently resourced and well positioned throughout the economic recovery. As a result of the improvement in valuations of portfolio companies across the September quarter, VPEG3's total gain in value has now surpassed its value prior to the onset of COVID 19. This is due to VPEG3's highly diversified portfolio with a number of industry sectors benefitting from the "new normal" COVID business operating environment.

Portfolio companies occupying VPEG3's largest industry exposures including; Consumer Discretionary – Consumer Durables and Apparel (22.9%), Industrials – Commercial Services and Suppliers (19.0%), Health Care Equipment & Services (16.5%) and Information Technology – Software & Services (12.8%), have all seen an improvement in earnings across the quarter compared with the same period last year.

VPEG3's underlying managers' report that purchase multiples are starting to contract, similar to the scenario seen following the 2000 dot-com crash and the Global Financial Crisis of 2008 to 2010. As a result, there is likely to be an increase in attractive investment opportunities with lower than historical acquisition multiples for VPEG3's underlying funds to deploy capital at conservative valuations, throughout the remainder of the 2020 calendar year and into 2021. This re-rating of asset prices and Private Equity's ability to consistently outperform during and following recessionary periods, will ultimately deliver VPEG3 Fund investors with superior risk adjusted returns over the term of the Fund.

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

OVERVIEW OF NEW INVESTMENT

EPTEC GROUP - NEXT CAPITAL IV

During July 2020, Next Capital IV completed an investment in Eptec Group ("Eptec"), a privately-owned specialist contractor providing asset preservation, life extension and maintenance services to the marine sector (defence and commercial) and other critical transport and infrastructure assets in Australia.



Eptec has a 22-year track record of providing complex, highly technical and time critical asset preservation and maintenance services to the following sectors:

- Eptec Services – Specialises in the delivery of time-critical, highly technical and complex projects to primarily government related clients, with its core focus being the transport and infrastructure segment (including bridges, tunnels, rail and ports) and to a lesser degree in waste and wastewater.
- Eptec Marine – Specialises in the delivery of asset preservation services throughout the lifecycle of naval defence and marine vessels, and commercial marine operators, from new-build construction through mid and full-cycle maintenance and refurbishment

Eptec's contracts range in duration from very short turnaround projects such as preservation work on naval ships (lasting one to two weeks) to longer term contracts (full cycle docking projects).

The Company currently services the Australian market where it has developed strong relationships with a significant number of blue-chip prime contractors, government agencies and market participants in asset preservation and rehabilitation.

PORTFOLIO STRUCTURE

VPEG3's PORTFOLIO STRUCTURE - 30 SEPTEMBER 2020

The tables and charts below provide information on the breakdown of VPEG3's investments as at 30 September 2020.

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 September 2020, the Private Equity component of VPEG3, LP's investment portfolio consisted of twenty six completed investments for which funds had been called from VPEG3, LP, which include; Hygain Holdings, Ngahua Group, Endeavour Learning Group, Servian Group, Adventure Holdings Australia Pty Ltd (Oztrail), Mining Technologies Holdings Pty Limited, MessageMedia, SILK Laser & Skin Holdings Pty Ltd, Compass Education, South Pacific Laundries, Zenitas Healthcare, Hellers, Delta Agribusiness, Sushi Sushi, Questas Group, FRANKiE4, Perth Radiology Clinics, Legend Corporation, Squiz, MessageMedia, Mandoe Media, TM Insights, Bauer ANZ, Medtech and Eptec Group. In addition, during the September 2020 quarter underlying portfolio company Value Retail Group was transferred into VPEG3, LP as it became an eligible VCLP complying investment, ultimately allowing the underlying asset to be held by VPEG3, LP, an AFOF.

Cash	Short Term Deposits	Private Equity	
0.1%	1.0%	Later Expansion	37.4%
		Buyout	61.5%

As at 30 September 2020, the Private Equity component of VPEG3A's investment portfolio consisted of seven investments for which funds had been called from VPEG3A, including; Heritage Lifecare, Fitzpatrick Financial Group, Tribe Brewing, Silverchef, TEG, CF Asia Pacific and AHG Refrigerated Logistics. In addition, VPEG3A's share of underlying investment Flintfox completed during the June 2020 quarter, utilising Advent's Bridge funding facility, will be called from VPEG3A during the December 2020 quarter.

Cash	Short Term Deposits	Private Equity	
0.4%	1.3%	Later Expansion	18.8%
		Buyout	79.5%

PRIVATE EQUITY PORTFOLIO

VPEG3, with commitments to seven Private Equity funds and two co-investments, ultimately held interests in 34 underlying company investments at quarter end. As a result, VPEG3's Private Equity portfolio and commitments, as at 30 September 2020, 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	\$7.87m	6	-
Odyssey Private Equity Fund 8	\$275m	2017	Mid Market Growth Capital	\$7.0m	\$3.89m	5	-
Advent Partners 2 Fund	\$300m	2017	Mid Market Expansion / Buyout	\$10.0m	\$4.56m	5	-
Allegro Fund III	\$290m	2017	Mid Market Expansion / Buyout	\$12.0m	\$4.43m	5	-
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Expansion / Buyout	\$10.0m	\$5.58m	3	-
Mercury Capital Fund III	\$600m	2019	Mid Market Expansion	\$7.5m	\$2.63m	4	-
Next Capital Fund IV	\$275m	2019	Mid Market Expansion	\$10.0m	\$2.28m	4	-
Co-invest (Fitzpatrick Financial Group)	\$200m	2017	Mid Market Expansion	\$0.25m	\$0.28m	1	-
Co-invest (Tribe Brewing)	\$30m	2018	Mid Market Expansion	\$0.75m	\$0.66m	1	-
Total				\$67.50m	\$32.17m	34	-

Note; total no. of investee companies includes both completed and announced

SUMMARY OF VPEG3's UNDERLYING PRIVATE EQUITY INVESTMENTS

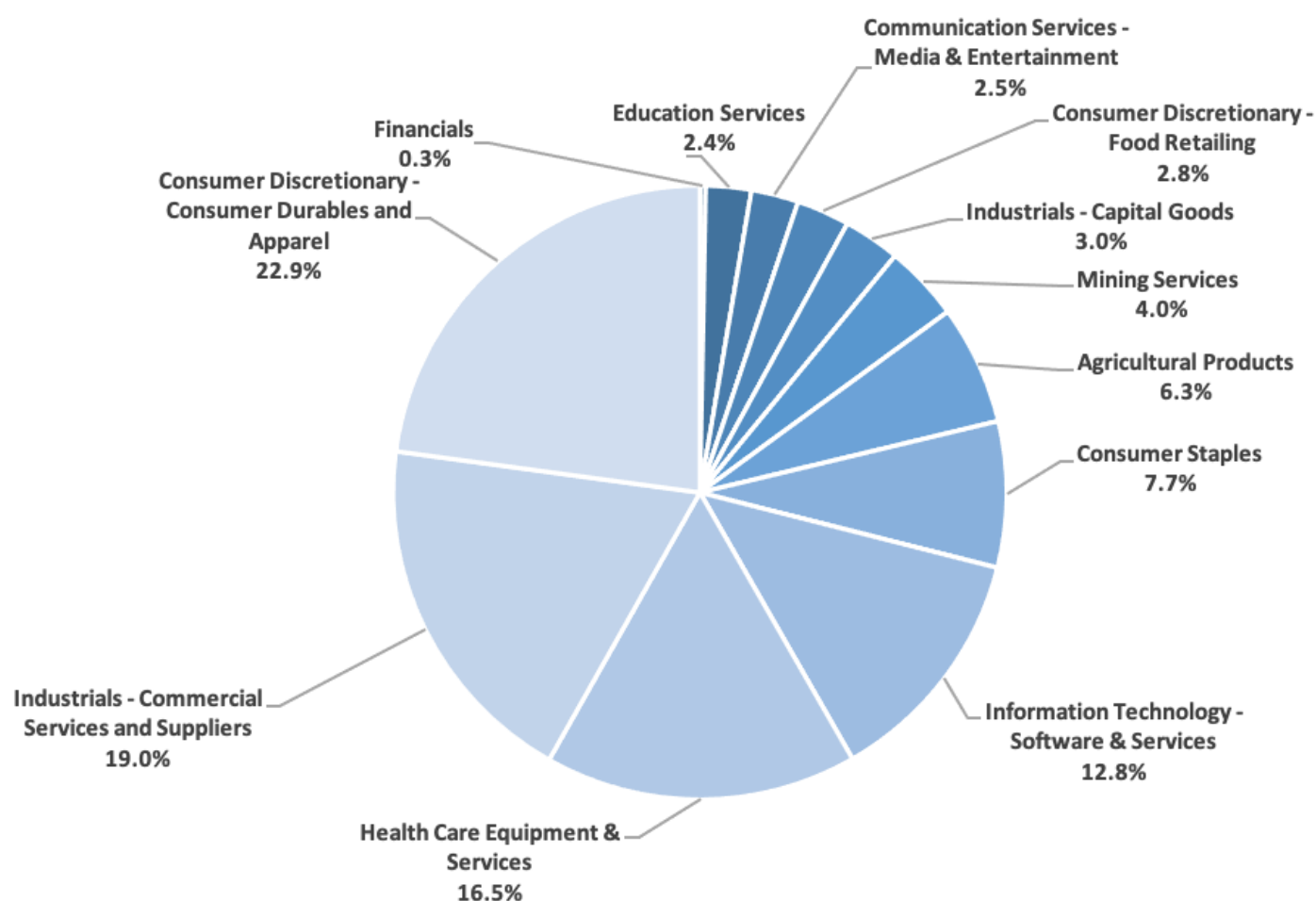
The table below provides a summary of the top ten underlying private equity investments in VPEG3's portfolio for which capital had been called from VPEG3 as at 30 September 2020.

Rank	Investment	Fund	Description	% of VPEG3's Private Equity Investments	Cumulative %
1	Value Retail Group	Allegro Fund III	Retail Merchandising Brands Best & Less & Postie (NZ)	15.4%	15.4%
2	Heritage Lifecare Limited	Adamantem Capital Fund 1	New Zealand aged care & retirement village operator	6.1%	21.5%
3	Hellers	Adamantem Capital Fund 1	Producer of Processed Meats in New Zealand	5.7%	27.2%
4	CF Asia Pacific	Anchorage Capital Partners Fund III	Rail Leasing Business	4.7%	31.9%
5	Hygain Holdings Pty Ltd	Adamantem Capital Fund 1	Australian Horse Feed & Supplement Manufacturer & Distributor	4.7%	36.6%
6	Compass Education	Advent Partners 2 Fund	Student Information System Software / Services Provider	4.5%	41.1%
7	South Pacific Laundry	Anchorage Capital Partners Fund III	Leading national laundry operator	4.1%	45.2%
8	MST	Odyssey Private Equity Fund 8	Leading Global Provider of Data & Voice Communications	4.0%	49.2%
9	Zenitas Healthcare	Adamantem Capital Fund 1	Community-based Healthcare Provider	3.1%	52.3%
10	Silver Chef	Next Capital Fund IV	Rental & Financing of Commercial Equipment	3.0%	55.3%

INDUSTRY SPREAD OF VPEG3's UNDERLYING INVESTMENTS

As the investment into Eptec Group by Next Capital Fund IV was initially bridge funded, capital will be called by Next IV for VPEG3's share of this investment upon completion of Next's bridging facility during the December 2020 quarter. As such VPEG3's exposure to the "Industrials - Commercial Services and Suppliers" industry sector which is 19.0% at the end of the September 2020 quarter, will increase once capital has been called from VPEG3 for this investment.

As consumer sentiment further improved across the September quarter, a number of underlying companies in VPEG3's portfolio experienced a significant increase in revenue and earnings. This improvement in trading performance resulted in the valuation uplift of a number of companies in the Consumer Discretionary categories, as this sector captured a vast majority of the discretionary spend coming from consumers. As a result, VPEG3's exposure to the "Consumer Discretionary - Consumer Durables and Apparel" industry sector, which consists of FRANKiE4, Adventure Holdings Australia Pty Ltd, Ngahuia Group and Value Retail Group, became VPEG3's largest industry exposure at 22.9% of VPEG3's total Private Equity portfolio at quarter end.



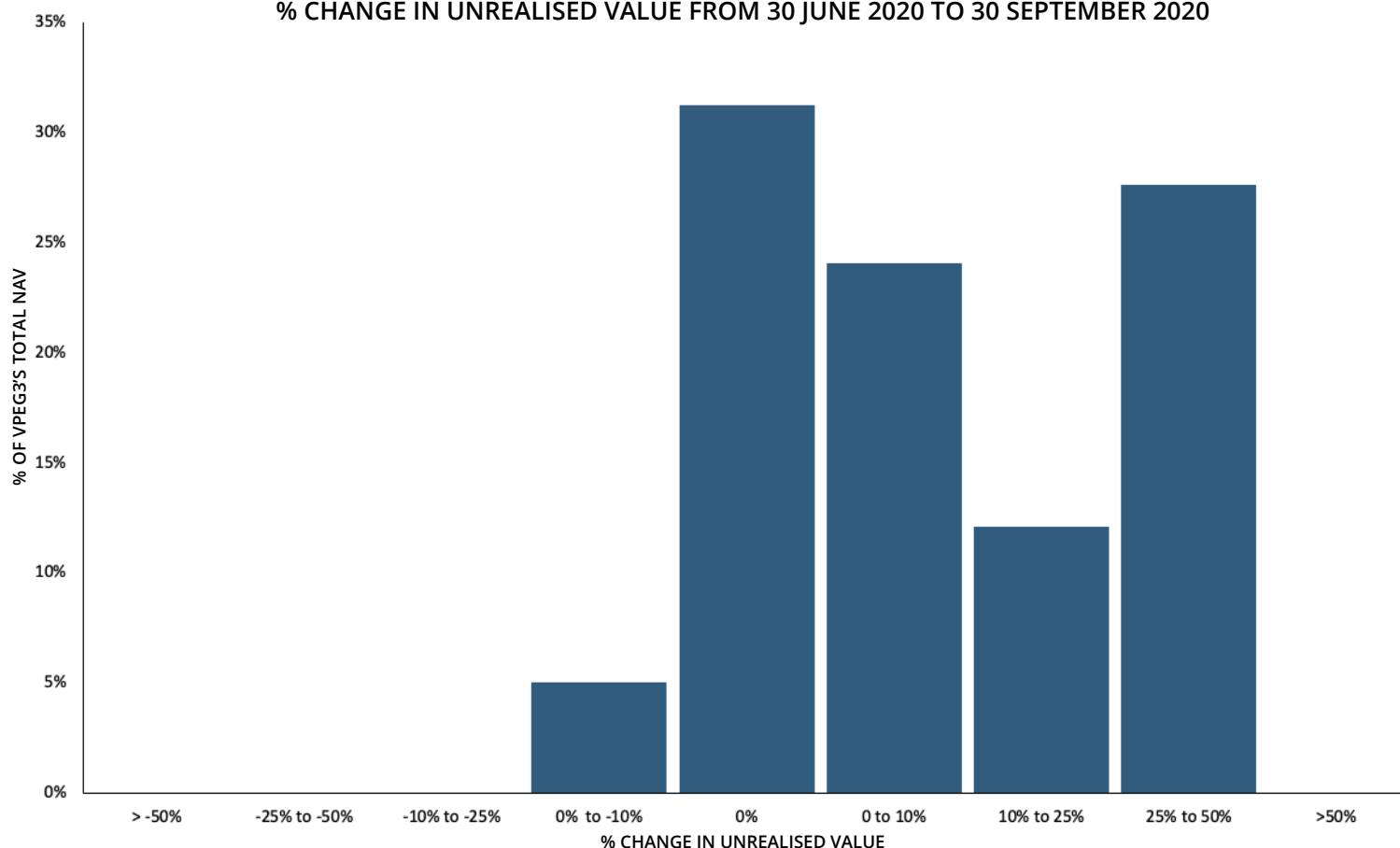
VPEG3 UNDERLYING PORTFOLIO VALUATION UPDATE

Consumer sentiment improved across the September quarter as a result of the continued easing of COVID-19 related restrictions across a majority of Australian States (except in Victoria) as well as in New Zealand. Sentiment was further enhanced by the continuation of economic stimulus payments to the benefit of a large proportion of consumers. This improved consumer sentiment flowed through to an increase in discretionary spending by consumers. As a result, the trading performance of a number of underlying companies in VPEG3's portfolio benefited from this increase in spending which delivered improved revenue and earnings for these companies compared with the previous period.

Due to this improvement in the financial performance of a number of portfolio companies and the requirement for Private Equity managers to fairly value investments in their portfolios at each quarter-end, all of VPEG3's underlying fund managers conducted a review of the valuations of all unrealised investments as at 30 September 2020, in accordance with the valuation guidelines issued by the International Private Equity Valuation Board. This resulted in an uplift in the value of a number of the underlying companies within VPEG3's portfolio.

The graph below details the range of change in the unrealised value of VPEG3's underlying portfolio from 30 June 2020 to 30 September 2020 represented as a percentage of VPEG3's total Net Asset Value at 30 September 2020.

% CHANGE IN UNREALISED VALUE FROM 30 JUNE 2020 TO 30 SEPTEMBER 2020



As demonstrated in the chart above, a significant majority of companies in **VPEG3's underlying portfolio, representing 95% of total Net Asset Value (NAV)**, maintained or increased in value across the quarter. In addition, only a minority of underlying companies representing 5% of VPEG3's NAV reduced in value (and all by less than 5%) across the quarter.

During the period many of VPEG3's underlying companies continued to adapt to the evolving operating environment as a result of the pandemic to deliver products and services, that assist their customers in various ways. Ultimately, these initiatives have helped to protect and/or increase the value of every underlying company within VPEG3's portfolio.

MARKET & ECONOMIC CONDITIONS

The global economy is gradually recovering after a severe contraction due to the COVID-19 pandemic. However, the recovery is uneven and its continuation is dependent on containment of the virus. While infection rates have declined in some countries, they have increased in others. The recovery is most advanced in China, where conditions have improved substantially over recent months. Globally, inflation remains very low and below central bank targets.

Financial conditions remained accommodative around the world and supportive of the economic recovery. Financial market volatility is low and the prices of many assets have risen substantially despite the high level of uncertainty about the economic outlook. Bond yields are at historically low levels, as are interest rates for most businesses and households. The Australian dollar remains just a little below its peak of the past couple of years.

The Australian economy experienced a sharp contraction in the June quarter, with output falling by 7 per cent. As difficult as this was, the decline in output was smaller than in most other countries and smaller than was earlier expected. A recovery is now under way in most of Australia, although the second-wave outbreak in Victoria has resulted in a further contraction in output in that State. The national recovery is likely to be bumpy and uneven and it will be some time before the level of output returns to its pre COVID levels.

Labour market conditions improved somewhat over the September 2020 quarter and the unemployment rate peaked at a lower rate than earlier expected. Even so, unemployment and underemployment are likely to remain high for an extended period. Wage and inflation pressures remain very subdued.

Over the past six months to 30 September 2020, the Australian economy has been supported by a substantial easing of fiscal policy. Public sector balance sheets in Australia are in good shape, which allows for continued support. Both fiscal and monetary support will be required for some time given the outlook for the economy and the prospect of high unemployment.

The RBA's policy package is working as expected and is underpinning very low borrowing costs and the supply of credit to households and businesses. There is a very high level of liquidity in the Australian financial system and borrowing costs are at record lows. \$81 billion of low-cost funding for authorised deposit-taking institutions (ADIs) has been advanced under the initial allowance of the Term Funding Facility. ADIs currently have access to a further \$120 billion under this facility. As this is drawn down, there will be a further very significant expansion of the Reserve Bank's balance sheet.

Government bond markets are functioning well, alongside a significant increase in issuance. Bond yields are around record lows. Early in September 2020, the RBA bought a further \$2 billion of Australian Government Securities (AGS) in support of its 3-year yield target, bringing total purchases of government securities since March to \$63 billion.

The RBA continues to remain committed to do what it can to support jobs, incomes and businesses in Australia. The Board of the RBA views addressing the high rate of unemployment as an important national priority. It will maintain highly accommodative policy settings as long as is required and will not increase the cash rate target until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2–3 per cent target band. The RBA continues to consider how additional monetary easing could support jobs as the economy opens up further.



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