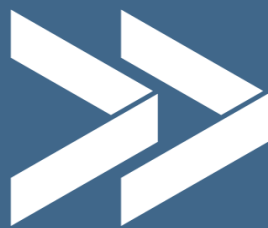


VPEG3

DIVERSIFY
GROW
OUTPERFORM



Vantage Private Equity Growth 3, LP
Quarterly Report
31 December 2020

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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

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.

SUMMARY cont.

SPECIAL POINTS OF INTEREST

Advent Partners 2 completes the successful exit of SILK Laser Clinics Australia via an IPO, representing VPEG3's first exit from its underlying portfolio

Strong earnings growth by a majority of VPEG3's underlying companies delivers a 31.7% increase in portfolio value across the quarter

Next Capital Fund IV invests in Enviropacific Services Pty, a market leading environment remediation specialist providing tailored solutions for the prevention and treatment of solid and liquid contamination in Australia

Adamantem Capital Fund I announces the sale of Servian to US technology firm Cognizant Technology Solutions Corporation

As at 31 December 2020, VPEG3 had committed \$67.50 million across seven Primary Private Equity Funds and two co-investments. As a result, a total of 35 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 I, 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 October 2020 to 31 December 2020, saw extensive Private Equity activity across the quarter with VPEG3 reaching a significant milestone of the evolution of the fund with the successful first exit via an IPO listing of an underlying portfolio company completed by Advent Partners 2. In addition to this exit, one new company investment was added to VPEG3's portfolio as well as the announcement of another new company investment at quarter end. Further to these new investments, a number of bolt-on and follow on investments were added to a number of existing VPEG3 portfolio companies. Subsequent to quarter end an additional exit was also announced from VPEG3's portfolio.

As the COVID-19 health crisis abated in Australia and New Zealand throughout the quarter, VPEG3's underlying managers continued to focus on working alongside management teams as they progress along with their strategic agendas to deliver growth in each underlying portfolio company.

VPEG3's underlying Private Equity managers' report that trading across all underlying portfolio companies is robust, with liquidity levels remaining strong in each company and a majority of portfolio companies executing strategic initiatives in line with budget.

VPEG3 SUMMARY PERFORMANCE AT 31 DECEMBER 2020

VPEG3 Entity	Cash	Fixed Interest	Private Equity (Value)	Paid Capital (per \$ of Committed Capital)	NAV (per \$ of Committed Capital)	Net IRR Since Inception* (p.a.)
CONSOLIDATED	1.3%	5.4%	93.3%	0.87	1.143	23.0%
VPEG3, LP	1.6%	6.6%	91.8%	0.62	0.863	25.0%
VPEG3A	0.1%	0.2%	99.7%	0.25	0.280	12.0%

* Since inception from final close January 2019

On a consolidated basis across both VPEG3, LP and VPEG3A the total NAV per dollar of Committed Capital to VPEG3 increased by 39.5% across the quarter from \$0.820 at 30 September 2020 to \$1.143 at 31 December 2020. A portion of the increase in Consolidated NAV was attributable to the additional 6.38% of investors Committed Capital called by VPEG3, LP during the quarter. Excluding the increase in NAV caused by the increase in Paid Capital, the increase in the VPEG3 Consolidated NAV across the December 2020 quarter was 31.7%. The increase in VPEG3 NAV across the quarter was as a result of an increase in unrealised values of a number of VPEG3's portfolio companies attributable to the increased earnings growth across the year.

Due to the increase in value of VPEG3's portfolio across the quarter, VPEG3's returns to Investors continues to improve as the fund matures.

As a result as at 31 December 2020, VPEG3 has generated a net of fees return of 23.03% p.a., since final close in January 2019.

As at 31 December 2020, all VPEG3 Investors had Paid Capital to VPEG3, LP totalling 62% 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.

VPEG3's portfolio is well placed, with the value of the portfolio expected to continue to grow as underlying fund managers further maximise the value of each portfolio company prior to exit. It is anticipated that as managers enter into the final stages of negotiating the sale of a number of portfolio company investments, the number of exits from VPEG3's portfolio is expected to increase across the next three to six months. These exits will deliver further distributions and value to VPEG3 investors during 2021, which will contribute to ultimately deliver strong risk adjusted returns for investors over the term of the Fund.

KEY PORTFOLIO DEVELOPMENTS

During the December 2020 quarter, VPEG3 reached a significant milestone of the evolution of the fund with the successful first exit via an IPO listing of a portfolio company. In addition to this exit, one new company investment was added to VPEG3's portfolio as well as the announcement of another new company investment at quarter end. Further to these new investments, a number of bolt-on and follow on investments were added to a number of existing VPEG3 portfolio companies. Subsequent to quarter end an additional exit was also announced from VPEG3's underlying portfolio.

Drawdowns during the quarter from VPEG3, totaling \$2,916,600 were paid to Advent Partners 2, Mercury Fund III and Next Capital Fund IV.

The majority of calls paid during the quarter was to repay VPEG3's share of underlying investments that were initially acquired through an underlying fund's bridge funding facility in June 2020. Additional capital called from VPEG3 was for the follow-on and bolt-on investments in two underlying investments as well as for the costs associated with the operations of underlying funds, including management fees and due diligence costs incurred in completing new investments.

During November 2020, Next Capital Fund IV invested in Enviropacific Services Pty, a market leading environment remediation specialist providing tailored solutions for the prevention and treatment of solid and liquid contamination in Australia

During December 2020, Advent Partners 2 Fund completed the successful exit of SILK Laser Clinics Australia via an IPO. SILK Laser Clinics Australia (ASX: SLA) listed on 15 December 2020 at a share price of \$3.45, implying an enterprise value of \$162 million. Upon listing Advent Partners 2 realised 50% of their original investment holding in SILK, with the Fund retaining 28% of SILK post IPO. Once fully completed the exit will deliver Advent Partners 2 investors, including VPEG3, with top tier performing returns across a 2.9-year investment period.

Also during the December quarter, Mercury Capital Fund 3 announced that they had come to an agreement to acquire Australia's leading recycling and waste-to-energy business ResourceCo Holdings Pty Ltd.

Additionally, Mercury Capital Fund 3 completed the follow-on investment into Amplify HoldCo Pte Ltd (Amplify), the holding company for the Fund's investment in TEG (Ticketek) further increasing the funds shareholding in the group.

Subsequent to the December 2020 quarter end, VPEG3 underlying investee Adamantem Capital Fund I announced that they had entered into a binding agreement to sell 100% of its shares in Servian to US technology firm Cognizant Technology Solutions Corporation (“Cognizant”), representing Adamantem Capital Fund I’s first exit.

During the quarter, VPEG3 received distributions totaling \$2,289,521 from Advent Partners 2, Adamantem Capital Fund I and Odyssey Private Equity Fund 8. The distribution from Advent Partners 2 was due to the 50% sell down of underlying portfolio company now ASX listed, SILK Laser Clinics Australia (ASX: SLA). The Adamantem distribution was due to the refinancing of underlying investment Heller’s, as a result of that portfolio company’s strong operating performance. The distribution from Odyssey was related to the dividends received from underlying investment Frankie4 as a result of strong earnings growth across the year.

As a result of the distribution received by Advent Partners 2 from the partial sale of SILK Laser Clinics Australia, VPEG3 made a distribution totalling \$0.03 / dollar of Committed Capital to all investors during the March 2021 quarter. Details about this distribution are included in the distribution statement issued to investors, following the payment of the distribution in February 2021.

RECENTLY COMPLETED EXIT

SILK LASER CLINICS AUSTRALIA - ADVENT PARTNERS 2

On 15 December 2020, Advent Partners 2 completed the successful exit of SILK Laser Clinics Australia via an IPO. This exit represents VPEG3's first exit from its underlying portfolio.



Advent Partners 2 made its initial investment in SILK on 31 January 2018 and since this time Advent has supported SILK to become a national leader in the Australian non-surgical aesthetics market taking its network of clinics from 12 to over 50.

This growth included greenfield clinic expansion, an acquisition of a rival network of clinics which were subsequently rebranded SILK and the purchase and relaunch of a proprietary skincare brand Aesthetics Rx.

SILK Laser Clinics Australia (ASX: SLA) listed on 15 December 2020 at a share price of \$3.45, implying an enterprise value of \$162 million. Upon listing Advent Partners 2 realised a portion of their investment holding representing 2.0x of the Fund's original investment in SILK, with the Fund retaining 28% of SILK post IPO.

Once fully completed the exit will deliver top quartile performing returns for Advent Partners 2 investors, including VPEG3 investors. The realised proceeds from the IPO were distributed by Advent to VPEG3 on 18 December 2020 and subsequently distributed to VPEG3 investors during the March 2021 quarter.

RECENTLY ANNOUNCED EXIT

SERVIAN - ADAMANTEM CAPITAL FUND I

On 11 January 2021, Adamantem Capital Fund I announced that they had entered into a binding agreement to sell 100% of its shares in Servian to US technology firm Cognizant Technology Solutions Corporation ("Cognizant"), representing Adamantem Capital Fund I's first exit.



Adamantem acquired Servian in June 2018 with the investment thesis centered around using Servian as a platform asset to build an independent, data and analytics focused IT services company of scale in Australia and New Zealand. Adamantem's strategy was to accelerate growth in both existing and new clients by investing in recruitment and business development; make strategic acquisitions to both expand the core practice and extend into adjacency services; and launch in new international markets to expand the geographic footprint.

The management team successfully executed on this strategy and since June 2018 has grown the number of consultants from 200 to over 500. In addition, Servian acquired two complementary businesses to

expand the service offering and scale the New Zealand operations, established a greenfield presence in Singapore and the UK, and deepened its tier 1 cloud partnerships.

Once completed, this exit will provide Adamantem Capital Fund I investors, including VPEG3 with a strong return across a 2.5 year investment period and another distribution to VPEG3 investors following the receipt of the distribution from Adamantem.

OVERVIEW OF NEW INVESTMENTS

ENVIROPACIFIC SERVICES – NEXT CAPITAL FUND IV

On 2 December 2020, Next Capital Fund IV Acquired Enviropacific Services, a market leading environment remediation specialist delivering tailored engineering and applied science solutions for the prevention and treatment of solid and liquid contamination in Australia.



Founded in 2001 and headquartered in Sydney, EPS operates through two key divisions, Environmental Services and Engineered Solutions, servicing government, infrastructure, urban planning and residential sectors with long standing relationships with many blue-chips customers. EPS also operates its own hazardous waste treatment facility, branded Solve, located in Melbourne, offering thermal desorption technology to treat hazardous solid waste.

EPS represents a highly attractive opportunity in a COVID and post-COVID environment with uncertain economic conditions likely to prevail for a number of years, the exposure to public infrastructure and urbanisation projects (where public spending is likely to rise and be sustained to support employment).

To date, Enviropacific has delivered over 3500 projects nationwide, expanding its client base since inception through the procurement of corporate, government and defense mandates. The continued expansion places the company in strong position to meet the growth of the renewable market.

RESOURCECO – MERCURY CAPITAL FUND 3

During December 2020, Mercury Capital Fund 3 announced that they entered into an agreement to acquire Australia's leading recycling and waste-to-energy business ResourceCo Holdings Pty Ltd.



ResourceCo is a global leader in the recovery and re-manufacturing of primary resources, extracting maximum value from materials otherwise destined for landfill. The firm works with governments, communities and multinational companies to progress the circular economy and preserve natural resources for a sustainable future. ResourceCo is a recognised pioneer in the resource recovery sector, with operations spanning Australia and South-East Asia. They have remained at the forefront of established and emerging markets for recovered materials since the early 1990s and are strongly positioned to play a leading role in the global expansion of the resource recovery sector.

ResourceCo believe as the world moves away from a make, use, dispose model, they are determined to play thier role in the recovery, recycling and re-use of products, delivering tailored solutions across a wide range of industry sectors, some of which include; Construction, Defence, Demolition, Government, Energy and Mining.

Having already re-purposed over 50 million tonnes of materials, ResourceCo is the largest energy from waste producer in Australasia, the largest contributor to carbon abatement, as well as reducing harmful greenhouse gas emissions. With a team of more than 700 people, ResourceCo continues to invest in its leading-edge plant and equipment through best-in-class technologies, with an unrelenting focus on adding capability to the emerging circular economy, which is forecast for significant long-term growth.

PORTFOLIO STRUCTURE

VPEG3's PORTFOLIO STRUCTURE - 31 DECEMBER 2020

The tables and charts below provide information on the breakdown of VPEG3's investments as at 31 December 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 31 December 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, Ngahuia 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, Value Retail Group, Squiz, MessageMedia, Mandoe Media, TM Insights, Bauer ANZ, Medtech and Eptec Group.

VPEG3, LP				VPEG3A			
Cash	Fixed Interest Investments	Private Equity		Cash	Fixed Interest Investments	Private Equity	
1.6%	6.6%	Later Expansion	33.3%	0.1%	0.2%	Later Expansion	15.2%
		Buyout	58.5%			Buyout	84.5%

As at 31 December 2020, the Private Equity component of VPEG3A's investment portfolio consisted of nine investments for which funds had been called from VPEG3A, including; Heritage Lifecare, Fitzpatrick Financial Group, Flinxfox, Tribe Brewing, Silverchef, The Entertainment Group (TEG), CF Asia Pacific and AHG Refrigerated Logistics. In addition, despite Value Retail Group being transferred into VPEG3, LP during the September 2020 quarter a small residual holding is still held by VPEG3A.

PRIVATE EQUITY PORTFOLIO

VPEG3, with commitments to seven Private Equity funds and two co-investments, ultimately held interests in 35 underlying company investments at quarter end. As a result, VPEG3's Private Equity portfolio and commitments, as at 31 December 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 I	\$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	\$5.93m	5	1
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	\$3.53m	4	-
Next Capital Fund IV	\$275m	2019	Mid Market Expansion	\$10.0m	\$2.93m	5	-
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	\$35.09m	35	1

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

SUMMARY OF VPEG3's UNDERLYING PRIVATE EQUITY INVESTMENTS

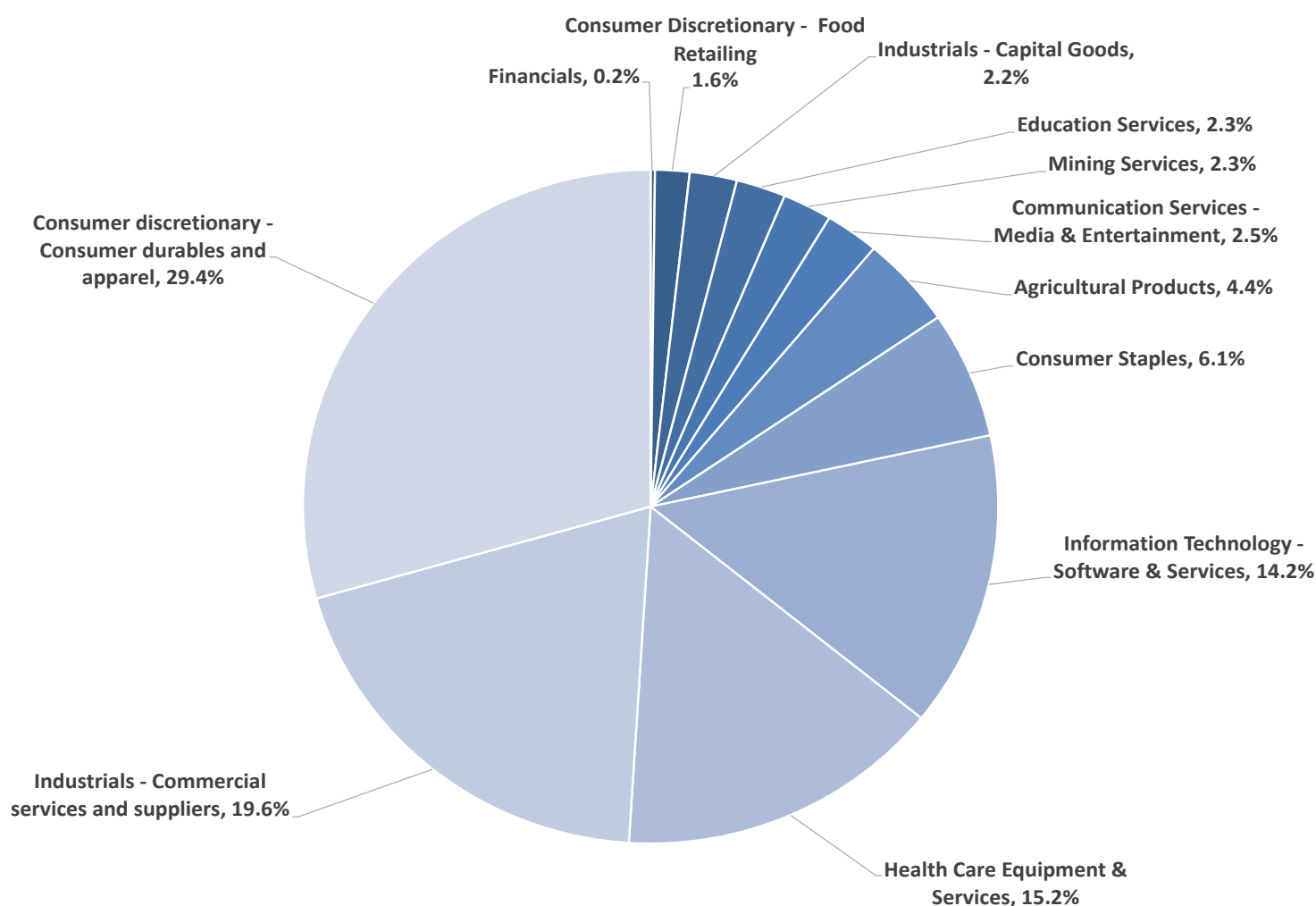
The table below provides a summary of the top ten underlying private equity investments in VPEG3's portfolio for which capital had been called from VPEG3 as at 31 December 2020.

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)	23.0%	23.0%
2	CF Asia Pacific	Anchorage Capital Partners Fund III	Rail Leasing Business	5.0%	28.0%
3	Hellers	Adamantem Capital I	Producer of Processed Meats in New Zealand	4.9%	32.9%
4	Heritage Lifecare Ltd	Adamantem Capital I	New Zealand Age-care & Retirement Village Operator	4.6%	37.5%
5	Compass Education	Advent Partners 2	Student Information System Software / Services Provider	4.5%	42.0%
6	Servian Group	Adamantem Capital I	Leading Specialist Data & Analytics Consulting Firm	4.3%	46.3%
7	South Pacific Laundries	Anchorage Capital Partners Fund III	Leading National Laundry Operator	3.8%	50.1%
8	Hygain Holdings Pty Ltd	Adamantem Capital I	Australian Horse Feed & Supplement Manufacturer & Distributor	3.5%	53.6%
9	Questas Group	Allegro Fund III	Network of niche industrial businesses across Australia	3.5%	57.1%
10	SILK Laser Clinics Australia	Advent Partners 2	Premium provider of laser and skin rejuvenation services	3.1%	60.2%

INDUSTRY SPREAD OF VPEG3's UNDERLYING INVESTMENTS

As the investment in Enviropacific Services 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 Capital's bridging facility. As such VPEG3's exposure to the "Industrials - Commercial Services and Suppliers" industry sector which is 19.6% at the end of the December 2020 quarter, will increase once capital has been called from VPEG3 for this investment.

During the December 2020 quarter, a number of underlying companies in VPEG3's portfolio experienced an increase in value due to an increase in earnings as a result of increased business and consumer spending due to the further easing of COVID-19 related restrictions. 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, Ngahua Group and Value Retail Group, represented VPEG3's largest industry exposure at 29.4% of VPEG3's total Private Equity portfolio at quarter end.



NOTICE OF CHANGE OF CASH MANAGEMENT TRUST FUND

On 21 January 2021, Vantage Private Equity Growth 3, LP (VPEG3) changed the funds default Cash Management Trust (CMT) to the Vasco Cash Enhanced Fund (VCEF). This CMT is utilised by VPEG3 for the uncalled capital of all VPEG3 Investors including all SIV applicant investors who paid 100% of their Committed Capital at the time of their application to the VPEG3 application account (Escrow Investors) and who remain invested in VPEG3 as Escrow Investors.

The cause for the change in CMT utilised by VPEG3 from the previous default CMT, the One Cash Management Fund (OCMF) is due to the closure of the OCMF on the 3rd of February 2021, due to it becoming uneconomical for the OCMF fund manager and trustee, One Investment Management Pty Limited, to continue to operate the fund, as advised to Vantage on 21 December 2020.

As a result, for all Escrow Investors currently invested in VPEG3, the entirety of their Uncalled Capital to VPEG3 plus accrued interest, net of withholding tax and fees, held on account at the OCMF in their name in escrow to VPEG3, was transferred from the OCMF to the VCEF on 21 January 2021.

The VCEF was selected by Vantage as the new default CMT for VPEG3, after extensive due diligence and VPEG3 Investment Committee approval, as it is a complying investment for the uncalled capital of a SIV's Venture Capital or Growth Private Equity (VCPE) investment. In addition, the VCEF satisfies the definition of a CMT in accordance with the Migration Legislation IMMI 15/100: Complying Investments - Instrument 2015 and the Income Tax Assessment Act 1997. Furthermore, the Trustee and Investment manager of the VCEF, Vasco Trustees Limited, holds Australian Financials Services Licence (AFSL) number 344486, manages more than \$750m in Funds Under Management (FUM), will act as escrow agent for each VPEG3 Escrow Investor and will manage the VCEF for VPEG3 Escrow Investors at a combined management and escrow agent fee of 0.45% p.a. (plus GST) which is less than that charged by the OCMF fund manager. As a result, Vantage expects that the CMT holdings of each of VPEG3's Escrow Investors will continue to deliver positive returns after fees while capital remains uncalled to VPEG3.

Should you wish to receive a copy of the Information Memorandum for the Vasco Cash Enhanced Fund please email info@vantageasset.com and we will provide this to you at your request.

MARKET & ECONOMIC CONDITIONS

The December 2020 quarter saw global and domestic economic activity rebound faster than anticipated. Positive News circulated world media of the development of multiple effective vaccines boosted equity markets and lowered credit risk premiums during November, notwithstanding rising COVID-19 case numbers and tighter lockdown measures in many jurisdictions. A range of asset prices during the quarter were supported by the more robust long-term global outlook and the very accommodative stance of monetary policy. Spreads between corporate and government bond yields narrowed further. Globally, equity prices have continued to increase as markets saw a reduction in uncertainty from investors following the outcome of the US election. In addition better-than-expected earnings reports in advanced economies, also supported equity prices.

A rebound in household consumption is well under way and evolving broadly as expected following a record contraction in the June quarter. A bounce-back in spending in Victoria has assisted this, as a wider range of consumption possibilities began to open up throughout the quarter in that state. Indicators such as retail trade, new car sales and payments information indicated that the recovery in consumption continued in the December quarter; high household savings is likely to support consumption in the period ahead. At the same time, the ability of households to consume some services continues to be constrained by pandemic-related restrictions.

Despite these positive developments, unemployment ticked up in recent months and broader measures of labour underutilisation remains high. Hours worked are around 4 per cent lower than before the pandemic, and many employed workers are still on reduced or zero hours. The recovery in employment and average hours worked for full-time workers has been much more subdued compared with those working part time.

The unprecedented degree of fiscal and monetary policy stimulus since the outbreak of the pandemic has played a key role in supporting the economy. Australia's GDP increased by 3.3% in the September quarter, as revealed by official data on 2 December, ending its first recession since 1991. This was the largest Quarter on Quarter GDP increase since 1976. Household consumption in the September quarter rebounded 7.9%, driven by a 9.8% increase in services spending. The December quarter is also expected to show a strong result of at least 2% growth when the official data is released.

During the quarter, the Australian Private Equity market saw 8 new deals being announced and 4 completed. 9 of these companies were buyout transactions and 3 were growth deals, with 3 of the 12 deal in the business support services sector, 2 in healthcare and others in software and logistics. The IPO market has been active this quarter with IPO exits for multiple Private Equity backed businesses being successfully executed.

Given the outlook for both employment and inflation, the RBA has acknowledged that monetary and fiscal support will be required for some time. The RBA Board remains committed to not increasing the cash rate until actual inflation is sustainably within the 2 to 3 per cent target range. For this to occur, wages growth would have to be materially higher than recent levels. This would require significant gains in employment and a return to a tight labour market. Given the outlook, the Board does not expect to increase the cash rate for at least 3 years.



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