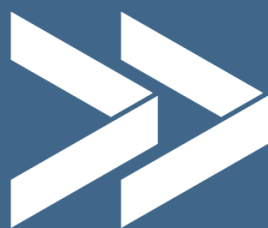


VPEG3

DIVERSIFY
GROW
OUTPERFORM



Vantage Private Equity Growth 3, LP
Quarterly Report
30 June 2021

TABLE OF CONTENTS

- 3** SUMMARY
- 4** PERFORMANCE
- 6** KEY PORTFOLIO DEVELOPMENTS
- 8** RECENTLY ANNOUNCED EXITS
- 10** RECENTLY ANNOUNCED INVESTMENT
- 11** UNDERLING PORTFOLIO TRADING UPDATE
- 13** PORTFOLIO STRUCTURE
- 17** 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

VPEG3's portfolio value increases by 7.4% across the quarter, delivering a total Investor return across the 2021 Financial year of 56.9%

Mercury Capital Fund 3 announces the sale of MessageMedia for AUD\$1.7 billion to Sinch, a leading global cloud communications business listed on the Nasdaq Sweden

Allegro Fund III announces the exit via an IPO and ASX listing of Best & Less Group, Australia's leading value apparel specialty retailer

Mercury Capital Fund 3 announces an investment in E&P Financial Group Limited, an ASX-listed diversified financial services business, with service offerings across wealth management, funds management and corporate advisory

VPEG3's consolidated performance continues to improve as the portfolio matures, with VPEG3 delivering a net return of 23.0% p.a. since inception to 30 June 2021

SUMMARY cont.

As at 30 June 2021, VPEG3 had committed \$67.50 million across seven Primary Private Equity Funds and two co-investments. As a result, a total of 38 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 April to 30 June 2021, saw elevated levels of Private Equity activity across VPEG3's portfolio, with the announcement of a further two exits from the Funds private equity portfolio. These exits were announced by VPEG3 investees Mercury Capital Fund 3 and Allegro Fund III. Once these exits are completed the total number of companies sold from VPEG3's portfolio will increase to five. In addition, one previously announced portfolio company investment was completed and added to VPEG3's portfolio during the period, with a further additional investment announced subsequent to the June quarter end.

Across the quarter VPEG3's underlying managers continued to work alongside management teams as they progress their investment agendas to deliver growth in the value of each portfolio company.

VPEG3's underlying Private Equity managers' report that the growth trajectory across most portfolio companies is in-line with or exceeding management's expectations. Managers note that the liquidity levels in each portfolio company remain strong as they continue to effectively navigate the potential near-term challenges whilst also seeking opportunities to further grow and expand operations to ultimately deliver enhanced value upside from each company upon exit.

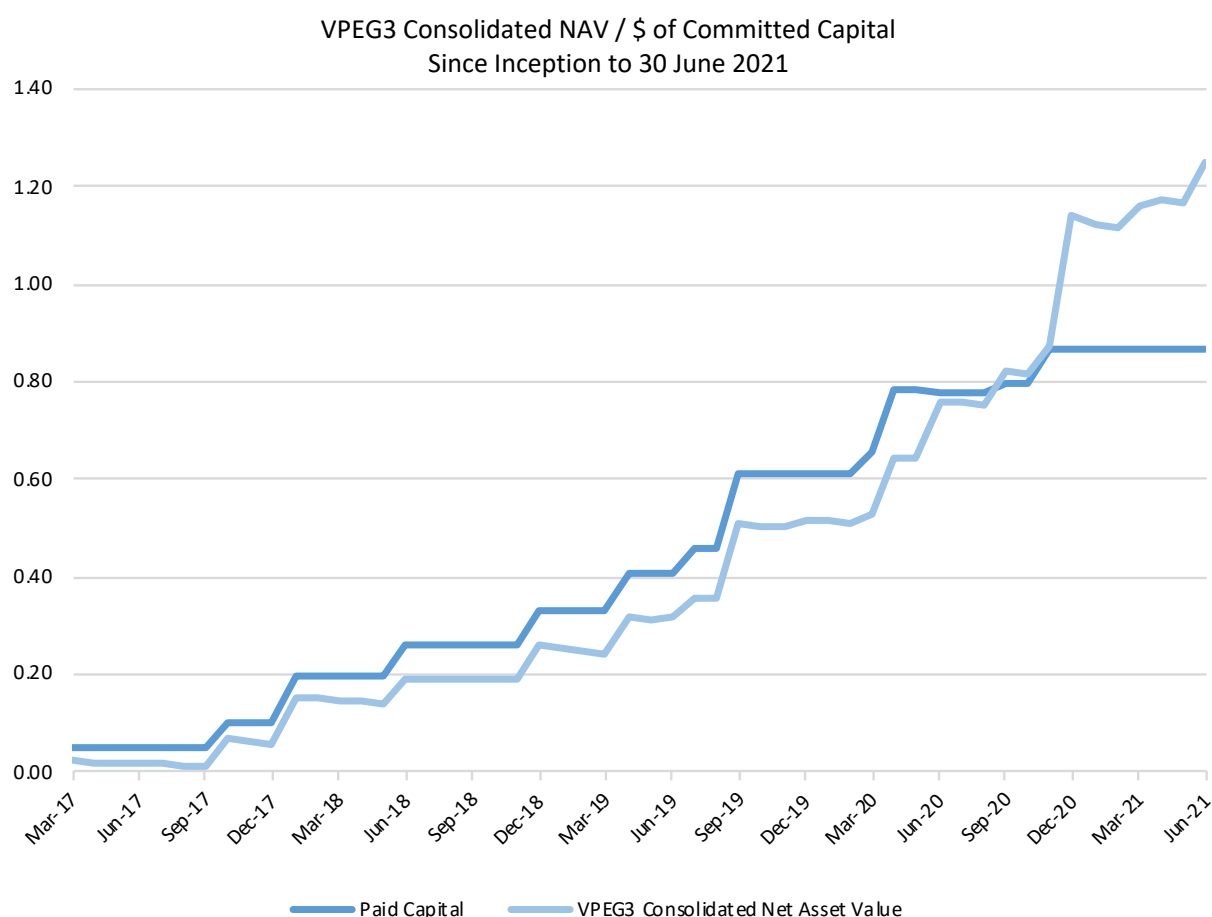
VPEG3 SUMMARY PERFORMANCE AT 30 JUNE 2021

Fund	Cash	Fixed Interest	Private Equity (Value)	Paid Capital (per \$ of Committed Capital)	NAV (per \$ of Committed Capital)	Cumulative Distributions Paid	Total Value + Cumulative Distributions Paid	Net Return Since Inception* (p.a.)
VPEG3 CONSOLIDATED	6.5%	1.3%	92.2%	0.87	1.248	0.03	1.278	23.0%

* 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 7.4% across the quarter from \$1.162 at 31 March 2021 to \$1.248 at 30 June 2021. The increase in VPEG3's NAV across the quarter was as a result of an increase in unrealised values of a number of VPEG3's portfolio companies attributable to strong earnings performance throughout the financial year ended 30 June 2021.

The below graph summarises VPEG3's Consolidated NAV / \$ of Committed Capital performance since inception to 30 June 2021.



Figure; VPEG3's Consolidated Net Asset Value / \$ of Committed Capital movements since inception to 30 June 2021

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

VPEG3's portfolio value across the 2021 Financial year increased by 56.9%. By comparison the ASX 200, which delivered its best ever financial year performance across the same period posted a gain of 23.2%.

As a result, VPEG3 has now delivered investors a net return of 23.0% p.a since final close of the fund on 31 January 2019 to 30 June 2021.

As at 30 June 2021, 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 across the second half of the 2021 calendar year, which will contribute to ultimately deliver a strong risk adjusted return for investors over the term of the Fund.

KEY PORTFOLIO DEVELOPMENTS

The June 2021 quarter saw the announcement of the sale of two underlying companies from VPEG3's private equity portfolio. These exits were announced by VPEG3 investees Mercury Capital Fund 3 and Allegro Fund III. Following the completion of the sale of these companies, expected during the September 2021 quarter, the total number of companies sold from VPEG3's portfolio will increase to five.

In addition, one previously announced new company investment was completed during the period. Further to this investment, one additional investment was also announced subsequent to quarter end.

Drawdowns during the quarter from VPEG3, totaling \$575,000 were paid to Mercury Capital Fund 3 and Next Capital Fund IV.

The calls were predominately used to fund one new underlying company investment completed during the period. Additional capital was also called upon by VPEG3 for the costs associated with the operations of an underlying fund, including management fees and due diligence costs incurred during the period.

During June 2021, Mercury Capital Fund 3 announced the 100% sale of MessageMedia for AUD\$1.7 billion to Sinch, a leading global cloud communications business listed on the Nasdaq Sweden. This exit marks an excellent investment for Mercury Capital Fund 3, alongside Mercury Capital Fund 2, and is representative of the strong partnership that Mercury formed with the MessageMedia founder and the management team.

Additionally during June 2021, Mercury Capital Fund 3 announced the investment in E&P Financial Group Limited (E&P), an ASX-listed diversified financial services business, with service offerings across wealth management, funds management and corporate advisory.

Subsequent to the June quarter end, Allegro Fund III announced the exit via an IPO and ASX listing of Best & Less Group, Australia's leading value apparel specialty retailer, that comprises of retail brands Best & Less in Australia and Postie in New Zealand. On 26 July 2021, Best & Less Group (ASX:BST) successfully listed, after receiving significant institutional and retail investor demand, raising \$60 million at \$2.16 per share representing a market capitalisation of \$271 million.

During the quarter, VPEG3 received distributions totaling \$2,436,846 from underlying fund manager Adamantem Capital Fund I. This distribution related to the sale proceeds of previously announced exit Servian during the December 2020 quarter.

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

RECENTLY ANNOUNCED EXITS

MESSAGEMEDIA – MERCURY CAPITAL FUND 3

During June 2021, VPEG3 investee Mercury Capital Fund 3 announced the 100% sale of MessageMedia for AUD\$1.7 billion to Sinch, a leading global cloud communications business listed on the Nasdaq Sweden.



MessageMedia was founded in 2000 Grant Rule, and was originally known as Message4U, before rebranding in 2004.

Following Mercury Capital's initial investment into MessageMedia via Mercury Capital Fund 2 in August 2018, the business transformed from a primarily Australian and New Zealand SMS provider to the leading global Server Message Block (SMB) Customer Engagement platform.

Mercury Capital Fund 3 subsequently invested in MessageMedia across two tranches (November 2019 and January 2020), along with an additional follow-on investment by Mercury Fund 2. These investments further supported the business's transformation in rebuilding the management team, consolidating the platform and the successful add-on investment of US-based messaging platform SimpleTexting.

MessageMedia is the largest provider of SMS-based marketing and communications in Australia and New Zealand, employing more than 350 people and is estimated to send 420 million messages a month across 200 plus countries on behalf of over 60,000 clients.

This exit marked an excellent investment for Mercury Capital and at the time of announcement marked one of the largest ever deals for an Australian technology company. Once completed, the sale will deliver Mercury Capital Fund 3 investors, including VPEG3 with a strong return on investment across a 1.6 year investment period. VPEG3's share of the net sale proceeds of MessageMedia will be distributed to all VPEG3 investors once the sale is completed during the second half of 2021.

BEST & LESS GROUP - ALLEGRO FUND III

On 9 July 2021, Allegro Fund III announced the exit via an IPO and ASX listing of Best & Less Group, Australia's leading value apparel specialty retailer, that comprises of retail brands Best & Less in Australia and Postie in New Zealand.



Allegro Fund III acquired Best & Less Group (formerly Value Retail Group and formerly the General Merchandise division of Greenlit Brands) in December 2019. Over Allegro's investment period, management successfully achieved the follow growth objectives in their investment plan;

1. Completed the effective transformation from Greenlit Brands and the establishment of the Best & Less Group as a standalone and sustainable business, in control of its own strategy, operations and funding;

2. achieved a strong acceleration in the disruption transformation program, completed and implemented a store optimisation program, invested into the e-commerce channel and customer loyalty programs, restated stalled sourcing, supply chain and traffic conversion initiatives and added additional resources to support the baby, kids and women's categories; and
3. implemented a more ambitious growth strategy that leveraged industry tailwinds and combined new store openings, increased like for like sales growth and high growth in e-commerce penetration, to further gain market share and materially increase EBITDA growth.

Today Best & Less Group operates across a profitable 245 physical store and online channel network and is one of the largest value apparel omnichannel retailers across Australia and New Zealand.

On 26 July 2021 Best & Less Group (ASX:BST) successfully listed on the ASX after experiencing significant institutional and retail investor demand, raising \$60 million at \$2.16 per share, representing a Market Capitalisation of \$271 million. The IPO followed the strategic \$40 million equity investment from BB Retail Capital (BBRC), a private investment firm founded and chaired by experienced retail entrepreneur Brett Blundy.

Allegro Fund III sold 41% of their shareholding immediately after the completion of the IPO, retaining 42% shareholding post the IPO offering, which is subject to a staged escrow arrangement until the release of the Company's H1 FY23 results to the ASX.

The partial exit of the Best & Less Group delivers Allegro Fund III investors, including VPEG3, another strong investment return across a 1.5-year investment period, with the partially realised proceeds expected to be received by VPEG3 and distributed to all VPEG3 investors during the September 2021 quarter.

RECENTLY ANNOUNCED UNDERLYING INVESTMENT

E&P FINANCIAL GROUP LIMITED – MERCURY CAPITAL FUND 3

On 25 June 2021, Mercury Capital Fund 3 announced an investment in E&P Financial Group Limited (E&P), an ASX-listed diversified financial services business, with service offerings across wealth management, funds management and corporate advisory.



E&P was founded in 2016 via the merger of Evans & Partners and Dixon Advisory. In 2018 the business was floated on the ASX and soon after completed the transformational acquisition of corporate advisory business Fort Street Advisers.

E&P has more than 450 employees across offices in Melbourne, Sydney, Canberra and Brisbane. The business operates three core divisions – E&P Wealth, E&P Capital and E&P Funds:

- E&P Wealth is a national wealth management business with a highly experienced and senior team of advisers, diversified client base of ~9,000 high net worth families and superannuation funds;
- E&P Capital is a highly regarded corporate advisory business with a strong team, and a top-10 institutional equities business that serves ~200+ local and international institutional clients each year; and
- E&P Funds is an asset management division which manages funds across listed equities, private investments and real assets.

E&P operates in a market with strong tailwinds, particularly in wealth management, with an ageing population, underlying net wealth growth in Australia, compulsory superannuation, and low interest rates resulting in retirees' search for yield through advice.

UNDERLYING PORTFOLIO UPDATE

TRADING UPDATE – SILK LASER CLINICS AUSTRALIA (ASX:SLA) - ADVENT PARTNERS 2

SILK has continued to consistently trade above its IPO price of \$3.45 per share, since listing.



SILK Laser Clinics Australia Limited (ASX:SLA) Share Price Movements



Figure; ASX:SLA Share price movements from listing date 15 December 2020 to 30 June 2021

On 18 June 2021, SILK management announced that it had entered into a binding agreement to acquire Australian Skin Clinics ('ASC') and The Cosmetic Clinic in New Zealand for an upfront cash consideration of \$47m and up to an additional \$5m earn-out subject to certain conditions.

The acquisition will expand the SILK Clinic footprint from 56 to 117, with a strong foothold on the Australian East Coast and scaled entry into the Victorian and New Zealand markets. To partially fund the transaction, SILK completed a \$20m equity raise.

The strategic rationale behind the acquisition includes:

- ASC Group aligns with SILK's existing service offering which reduces complexity and category management requirements;
- Capital lite expansion model through the deployment of predominantly traditional franchise clinics;
- SILK will continue to leverage ASC Group's brand strength on the Australian East Coast whilst capitalising on SILK's brand strength in Central and Western Australia;
- Solidifies SILK's market leadership as #2 player in Australia;
- Provides immediate scale operations in metro Brisbane, Victoria and New Zealand;
- Scale provides opportunity for further investment in brand awareness, customer experience, business intelligence and systems / training to reinforce competitive advantage; and
- Synergies are expected to be realised through combined scale as well as introduction of exclusive SILK brands in the ASC Group network.

Synergies from the acquisition are estimated to be approximately \$0.5 million per annum to be realised after a one-year implementation period (excluding limited immediate cost savings included), with additional synergies and value creation opportunities anticipated over the medium term. These synergies are expected to predominantly comprise savings from transitioning products to existing suppliers and in-house brands, streamlining support across brands and marketing and investing in procurement to support a larger business. The acquisition is anticipated to be completed by the end of August 2021.

As part of the IPO, Advent realised half of Advent Partners 2 Fund's investment in SILK, with the partial sale proceeds from the IPO and pre-IPO capital return being distributed to investors during December 2020. The Fund continues to hold 25% of SILK post IPO. Advent Partners 2 Fund's remaining shares in SILK will be released from escrow in two tranches – August 2021 and February 2022.

PORTFOLIO STRUCTURE

VPEG3's PORTFOLIO STRUCTURE - 30 JUNE 2021

The tables and charts below provide information on the breakdown of VPEG3's investments as at 30 June 2021.

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 2021, the Private Equity component of VPEG3, LP's investment portfolio consisted of twenty eight completed investments for which funds had been called from VPEG3, LP, which include; Hygain Holdings, Endeavour Learning Group, Adventure Holdings Australia Pty Ltd (Oztrail), Mining Technologies Holdings Pty Limited, MessageMedia, SILK Laser Clinics Australia, Compass, South Pacific Laundries, Zenitas Healthcare, Hellers, Delta Agribusiness, Sushi Sushi, Questas Group, FRANKiE4, Perth Radiology Clinics, Legend Corporation, The Best & Less Group, Squiz, Mandoe Media, TM Insights, Are Media Group, InterHealthCare, Medtech, Eptec Group, Enviropacific Services, ResourceCo, MTB Direct and Green Options Pty Ltd.

VPEG3, LP				VPEG3A			
Cash	Fixed Interest Investments	Private Equity		Cash	Fixed Interest Investments	Private Equity	
7.7%	1.5%	Later Expansion	32.5%	2.1%	0.4%	Later Expansion	24.0%
		Buyout	58.3%			Buyout	73.5%

As at June 2021, the Private Equity component of VPEG3A's investment portfolio consisted of eight investments for which funds had been called from VPEG3A, including; Heritage Lifecare, Fitzpatrick Financial Group, Flintfox, Tribe Brewing, Silverchef, The Entertainment Group (TEG), Railfirst Asset Management (formally CF Asia Pacific) and AHG Refrigerated Logistics.

PRIVATE EQUITY PORTFOLIO

VPEG3, with commitments to seven Private Equity funds and two co-investments, has ultimately invested in 38 underlying company investments at quarter end, with three exits completed to date. As a result, VPEG3's Private Equity portfolio and commitments, as at 30 June 2021, 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	1
Odyssey Private Equity Fund 8	\$275m	2017	Mid Market Growth Capital	\$7.0m	\$4.31m	6	-
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	\$4.49m	5	1
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Expansion / Buyout	\$10.0m	\$5.58m	3	-
Mercury Capital Fund 3	\$600m	2019	Mid Market Expansion	\$7.5m	\$3.90m	6	-
Next Capital Fund IV	\$275m	2019	Mid Market Expansion	\$10.0m	\$3.65m	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	\$36.67m	38	3

Note; 1. total no. of investee companies only includes completed investments as at 30 June 2021.

SUMMARY OF VPEG3's UNDERLYING PRIVATE EQUITY INVESTMENTS

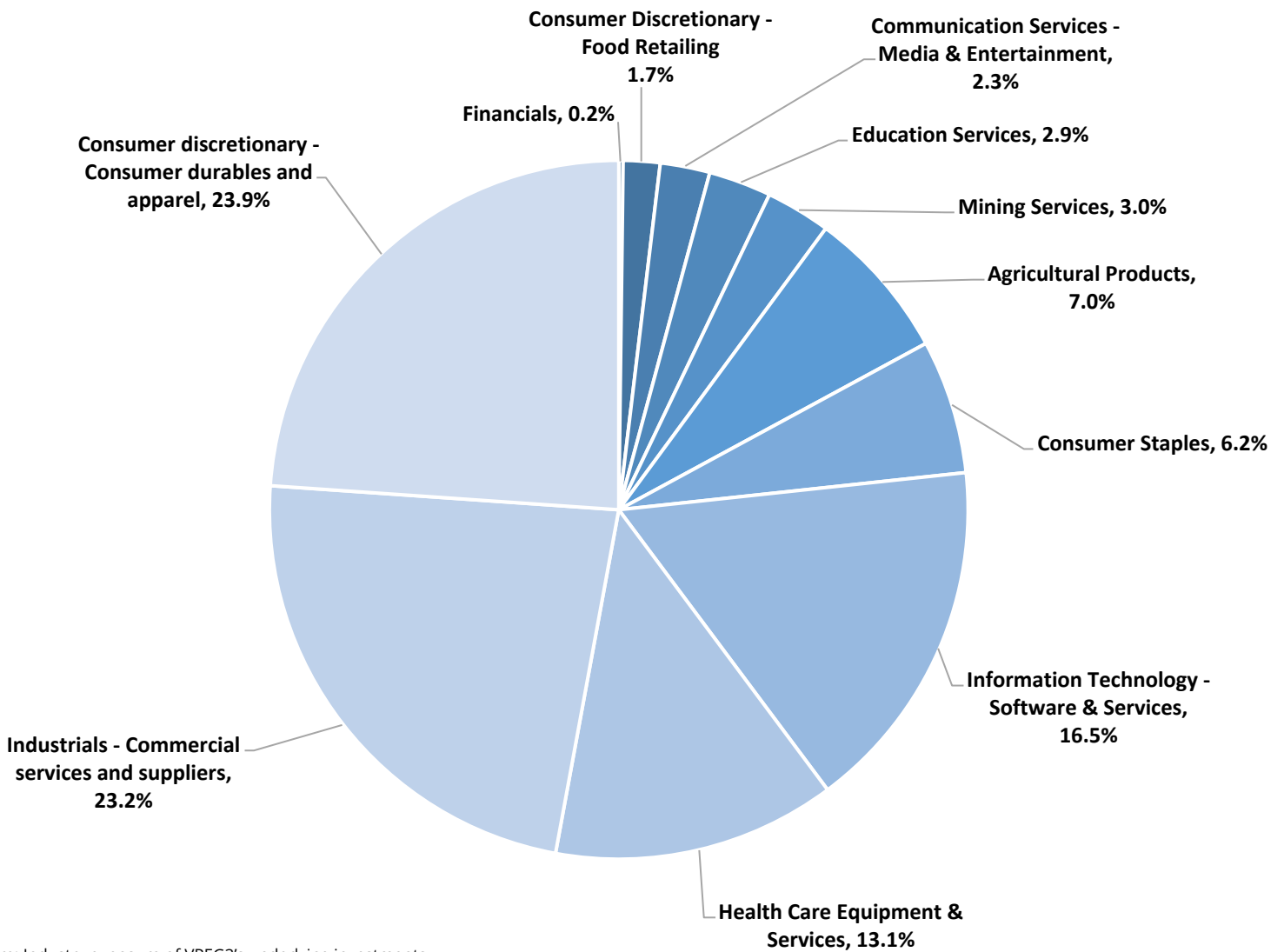
The table below provides a summary of the top ten underlying private equity investments in VPEG3's portfolio for which capital had been called from VPEG3 as at 30 June 2021.

Rank	Investment	Fund	Description	% of VPEG3's Private Equity Investments	Cumulative %
1	Best & Less Group	Allegro Fund III	Australia's leading value apparel specialty retailer	18.3%	18.3%
2	Compass Education	Advent Partners 2	Student Information System Software / Services Provider	6.6%	24.9%
3	Questas Group	Allegro Fund III	Network of niche industrial businesses across Australia	5.7%	30.6%
4	Hellers	Adamantem Capital I	Producer of Processed Meats in New Zealand	5.1%	35.7%
5	Railfirst Asset Management	Anchorage Capital Partners Fund III	Rail Leasing Business	4.8%	40.5%
6	Heritage Lifecare Ltd	Adamantem Capital I	New Zealand Age-care & Retirement Village Operator	4.6%	45.1%
7	Medtech	Advent Partners 2	Provider of Practice Management Software to the Healthcare sector	4.2%	49.3%
8	Hygain Holdings Pty Ltd	Adamantem Capital I	Australian Horse Feed & Supplement Manufacturer & Distributor	3.6%	52.9%
9	SILK Laser Clinics Australia	Advent Partners 2	Premium provider of laser and skin rejuvenation services	3.6%	56.5%
10	South Pacific Laundries	Anchorage Capital Partners Fund III	Leading National Laundry Operator	3.4%	59.9%

INDUSTRY SPREAD OF VPEG3’s UNDERLYING INVESTMENTS

Given the strong performance of Information Technology – Software & Service businesses in the current operating environment, a number of VPEG3’s portfolio companies achieved significant growth through the period as each company’s management strategically positioned investment initiatives to grow customer acquisitions. As such, some of these businesses have been revalued during the quarter to account for their growing revenue and earnings. As a result, VPEG3’s exposure to the “Information Technology – Software & Service” industry Sector increased from 14.8% to 16.5%

VPEG3’s exposure to the “Consumer Discretionary - Consumer Durables and Apparel” industry sector, which consists of FRANKiE4, Adventure Holdings Australia Pty Ltd, Best & Less Group and MTB Direct represented VPEG3’s largest industry exposure at 23.9% of VPEG3’s total Private Equity portfolio at quarter end.



Figure; Industry exposure of VPEG3’s underlying investments

MARKET & ECONOMIC CONDITIONS

The Australian economic rebound from the COVID-19 impacts in 2020 continued during the June 2021 quarter. Even after almost all emergency subsidies and support measures enacted last year concluded in the first quarter of this year, the Australian economy grew strongly, with nominal GDP now above pre-COVID levels, and the unemployment rate reaching a 10-year low in June of 4.9%. Growth has been underpinned by strong consumer spending, aided by high commodity prices, particularly iron ore, and continued loose government monetary policies. The early signs of inflation that have appeared in the US economy are not yet visible to the same degree in Australia, which recorded an inflation rate of 1.1% in the 12 months to March 2021.

Household consumption had increased by a little over 1 per cent in the March quarter, supported by growth in labour and financial income, and the household saving ratio remained around 12 per cent. Consumption growth in the June quarter as a whole is expected to be moderate, as restrictions on activity in Melbourne and the Greater Sydney region restrained spending.

The Australian government handed down an important budget in May. This represented a major departure from the bipartisan 'fiscally responsible' approach which has characterised the federal budget for close to 30 years, which focused on delivering balanced budgets and minimising government debt. The Budget contained a substantial increase in spending on health care, aged and disability care, support services and national infrastructure projects.

Private investment continued to be strong across the June quarter. Business investment responded to policy measures, including the temporary full expensing of asset purchases. The outlook for investment is supported by the recovery in demand and high-capacity utilisation, the increase in corporate profits over the preceding year and accommodative financing conditions. Surveyed measures of business conditions are also remaining strong. The near-term outlook for dwelling investment was underpinned by low interest rates and the large pipeline of construction work facilitated by the HomeBuilder program and state-based fiscal programs.

In Australia, the Bank's policy measures had continued to underpin very low interest rates and support the availability of credit. There had been little reaction in financial markets to the recent COVID-19 outbreaks and new restrictions imposed in many parts of the country in late June. Bank funding costs and lending rates had drifted down to historic lows. At the closure of the draw-down window for the Term Funding Facility (TFF) at the end of June, banks had accessed \$188 billion, or almost 90 per cent of the total allowances, with the major banks and mid-sized Australian banks having drawn down all of their allowances. TFF funding had accounted for around 4 per cent of all bank funding.

While bank lending to businesses had been little changed over preceding months, growth in broader measures of business debt had picked up to around the average of prior years. This pick-up had reflected lending to large businesses, including by entities that do not report to the Australian Prudential Regulation Authority as well as through corporate bond issuance. Lending to small businesses had also been little changed, although refinancing activity remained higher than usual as small businesses took advantage of the lower interest rates on offer.

During the quarter, there was a high level of private equity activity across Australia and New Zealand. A total of 12 buyout transactions (10 in Australia and two in New Zealand) were announced. These acquisitions spanned across a range of industries with four in consumer products, three in software, two in education, and one each in financial services, construction and business support services.

Similarly, there continued to be a high level of exits, with a total of 13 completed (12 in Australia and one in New Zealand) during the quarter. By exit type, there were six trade sales, three IPOs, and two secondary sales to domestic and global GPs.

Once again, a number of the exits that were completed or announced during the June 2021 quarter came from Vantage's underlying funds, VPEG2 and VPEG3, with those exits delivering these Vantage funds an average gross 4.9x return on invested capital representing an average annualised return of 73.9% per annum.



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