



QUARTERLY REPORT



VANTAGE PRIVATE EQUITY GROWTH 3

QUARTERLY INVESTOR REPORT
31 MARCH 2023

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

Vantage Private Equity Growth 3 ('VPEG3' or the 'Fund') 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 has invested 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 values 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, LP distributes \$0.08 per Dollar of Committed Capital to all VPEG3 investors during February 2023

VPEG3's Total Value to Paid In (TVPI) Ratio of 1.72x ranks the Fund in the top quartile of all private equity fund of funds globally

VPEG3's consolidated return continues to perform well as the portfolio matures with VPEG3 delivering a net return of 17.6% p.a. since inception to 31 March 2023

SUMMARY cont.

As at 31 March 2023, VPEG3 had committed \$67.55 million across seven Primary Private Equity Funds and two co-investments. As a result, VPEG3 had ultimately invested in 50 underlying company investments with 9 exits completed (partially or fully realised) from 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 \$0.80 million into Tribe Brewing.

PERFORMANCE

As a result of the recently completed underlying portfolio company exits across the December 2022 quarter and March 2023 quarter, VPEG3, LP conducted a distribution totalling \$0.08 per Dollar of Committed Capital paid to all investors on 10 February 2023.

Following the payment of this distribution VPEG3's Total Value to Paid In (TVPI) ratio was 1.72x since inception in January 2019, ranking VPEG3 in the top quartile of all Private Equity Fund of Funds globally of the same vintage year as reported by Pitchbook for the period end 31 March 2023.¹

This robust return illustrates Vantage's commitment to generating top quartile returns for VPEG3 investors. Vantage's investment team's diligent approach to investment selection, coupled with a deep focus on diversification across manager, vintage year, industry sector and geographic location, ultimately reduces the risk of loss within the portfolio, enabling VPEG3 to ultimately deliver strong returns to investors over the medium to long-term.

These strong returns have contributed to VPEG3 delivering a net return to investors of 17.6% p.a. since inception to 31 March 2023.

Fund	Paid Capital (per \$ of Committed Capital)	NAV (per \$ of Committed Capital)	Cumulative Distributions Paid + Franking Credits	Total Value + Cumulative Distributions Paid	Net Return Since Inception* (p.a.)
VPEG3 CONSOLIDATED	0.93	1.398	0.199	1.597	17.6%

* Since inception, net Internal Rate of Return after all fees from final close January 2019

1. Vantage defines "top quartile" as Private Equity Fund of Funds whose funds have historically performed in the first quartile when benchmarked against other funds within the same strategy and vintage. Based on private market benchmarking tool Pitchbook.

KEY PORTFOLIO DEVELOPMENTS

Across the quarter, VPEG3 made further progress in building out the portfolio with the completion of one new underlying company investment and two bolt-on acquisitions, adding to the operations of two existing portfolio companies.

During February 2023, Allegro Fund III completed the financial restructure and ultimate acquisition through a debt-to-equity swap of Camp Australia, Australia's largest out of school hours care provider with over 500 services and over 3,000 employees.

In addition, during February 2023, Eptec Group completed the bolt-on acquisition of Corrosion Control Engineering (CCE), Australasia's largest and most experienced Cathodic Protection specialist. The acquisition further increases Eptecs' growing capabilities in servicing the Defence and Infrastructure, Asset Remediation & Corrosion Mitigation Solutions.

During March 2023, Questas performed the bolt-on acquisition of Isadraulics, a locally renowned specialist in hydraulic cylinder repairs. The acquisition further increases Questas' growing customer base spread across the heavy industrial, manufacturing and resources industries.

Drawdowns during the quarter from VPEG3, totalling \$1,772,308 were paid to Adamantem Capital Fund I, Allegro Fund III and Mercury Capital Fund 3. The majority of the capital was paid to Allegro for the completion of the investment into Camp Australia as well as for the follow-on investments into Adamantem Fund I portfolio companies Legend Corporation, Zenitas Healthcare and Hygain. The remaining capital was called to fund management fees and working capital requirements by underlying funds.

As at 31 March 2023, all VPEG3 Investors had Paid Capital to VPEG3, LP totalling 68% of their Committed Capital to VPEG3. Furthermore, all VPEG3 investors, with the exception of SIV investors, had Paid Capital to VPEG3A totalling 25% of their Committed Capital to VPEG3. On a consolidated basis, the total paid capital to VPEG3 by all investors, except SIV investors, is 93% of their Committed Capital to VPEG3.

During the March 2023 quarter, two of VPEG3's underlying portfolio companies were placed into administration. The circumstances causing this were due to factors including COVID-19, high-cost pressures, capacity constraints, and labour shortages.

The companies affected were Tribe Brewing (VPEG3 co-investment No.2 Alongside Advent Partners 1 Fund) and Scott's Refrigerated Logistics (Anchorage Capital Partners Fund III). In both cases, Advent and Anchorage management held discussions with the banks and lenders of each portfolio company to seek that each business be restructured and continue to trade until an appropriate sale process could be conducted. These restructures, however were rejected by the senior debt providers and as a result did not provide Advent and Anchorage with any proceeds due to loan repayments to lenders and creditors taking priority under the capital structures in place.

However, as a result of Vantage's high level of portfolio diversification, a key facet of Vantage's investment strategy, the impact of these investments being written off was immaterial to the fund's overall performance as the total cost of each company represented less than 2% of VPEG3's total investment portfolio at initial investment.

Despite the ongoing economic uncertainty, VPEG3's private equity managers remain committed to portfolio management, utilising their expertise and resources to generate long-term profitability across the portfolio. Although the prevailing conditions are variable, VPEG3's managers acknowledge that the macroeconomic environment may create some short-term challenges for some companies, but their investment strategy to generate long-term value in portfolio companies remains unaffected. As a result, VPEG3's portfolio remains well-positioned to deliver strong risk-adjusted returns to investors. Several portfolio company investments are approaching the realisation stage of their investment period and negotiations for their exits are underway. As more portfolio company sales occur, the proceeds received will be distributed back to VPEG3 investors, resulting in a robust risk-adjusted return on their investment throughout the term of the Fund. As of the March 2023 quarter end, VPEG3 had ultimately invested in 50 underlying company investments and had completed 9 exits (fully or partially realised) from the portfolio.

OVERVIEW OF NEW INVESTMENT

CAMP AUSTRALIA – ALLEGRO FUND III

During February 2023, Allegro Fund III completed the financial restructure and ultimate acquisition through a debt-to-equity swap of Camp Australia, Australia's largest out of school hours care provider.



Founded in 1987, Camp Australia has had a strong reputation for delivering high-quality care to primary school-aged children.

Camp Australia's before and after-school care programs are designed to provide children with a safe and supportive environment where they can participate in a range of fun and engaging activities. These activities are designed to promote learning, social interaction, and physical activity, and they are tailored to suit the age and developmental needs of each child.

The company also offers vacation care programs during school holidays, which provide working parents with a convenient and affordable childcare option when schools are closed. These programs feature a range of activities, such as excursions, arts and crafts, and sports, and they are designed to keep children entertained and engaged throughout the holiday period.

Camp Australia operates in over 500 schools across Australia, and it employs over 3,000 staff members who are trained and qualified in childcare and education. The company is committed to providing a safe and nurturing environment for children, and it has a range of policies and procedures in place to ensure the safety and wellbeing of all children in its care.

PORTFOLIO STRUCTURE

VPEG3's PORTFOLIO STRUCTURE

The tables and charts below provide information on the breakdown of VPEG3's investments as at 31 March 2023

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.

VPEG3 Portfolio Breakdown			
Cash	Fixed Interest Investments	Private Equity	
0.1%	2.3%	Later Expansion	36.0%
		Buyout	61.6%

PRIVATE EQUITY PORTFOLIO

VPEG3, with commitments to seven Private Equity funds and two co-investments, ultimately had invested in 49 underlying company investments with 9 exits completed (partially or fully realised) from the portfolio at quarter end. As a result, VPEG3's Private Equity commitments and investments, as at 31 March 2023, 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	\$8.39m	6	1
Odyssey Private Equity Fund 8	\$275m	2017	Mid Market Growth Capital	\$7.0m	\$5.66m	6	1
Advent Partners 2 Fund	\$300m	2017	Mid Market Expansion / Buyout	\$10.0m	\$8.98m	7	1
Allegro Fund III	\$290m	2017	Mid Market Expansion / Buyout	\$12.0m	\$8.17m	7	2
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Expansion / Buyout	\$10.0m	\$9.87m	5	2
Mercury Capital Fund 3	\$600m	2019	Mid Market Expansion	\$7.5m	\$6.83m	10	1
Next Capital Fund IV	\$275m	2019	Mid Market Expansion / Buyout	\$10.0m	\$6.18m	7	-
Co-invest (Fitzpatrick Financial Group)	\$200m	2017	Mid Market Expansion	\$0.25m	\$0.28m	1	-
Co-invest (Tribe Brewing)	\$30m	2018	Mid Market Expansion	\$0.80m	\$0.72m	1	1
Total				\$67.55m	\$55.05m	50	9

Note; 1. Total no. of investee companies only includes completed investments as at 31 March 2023

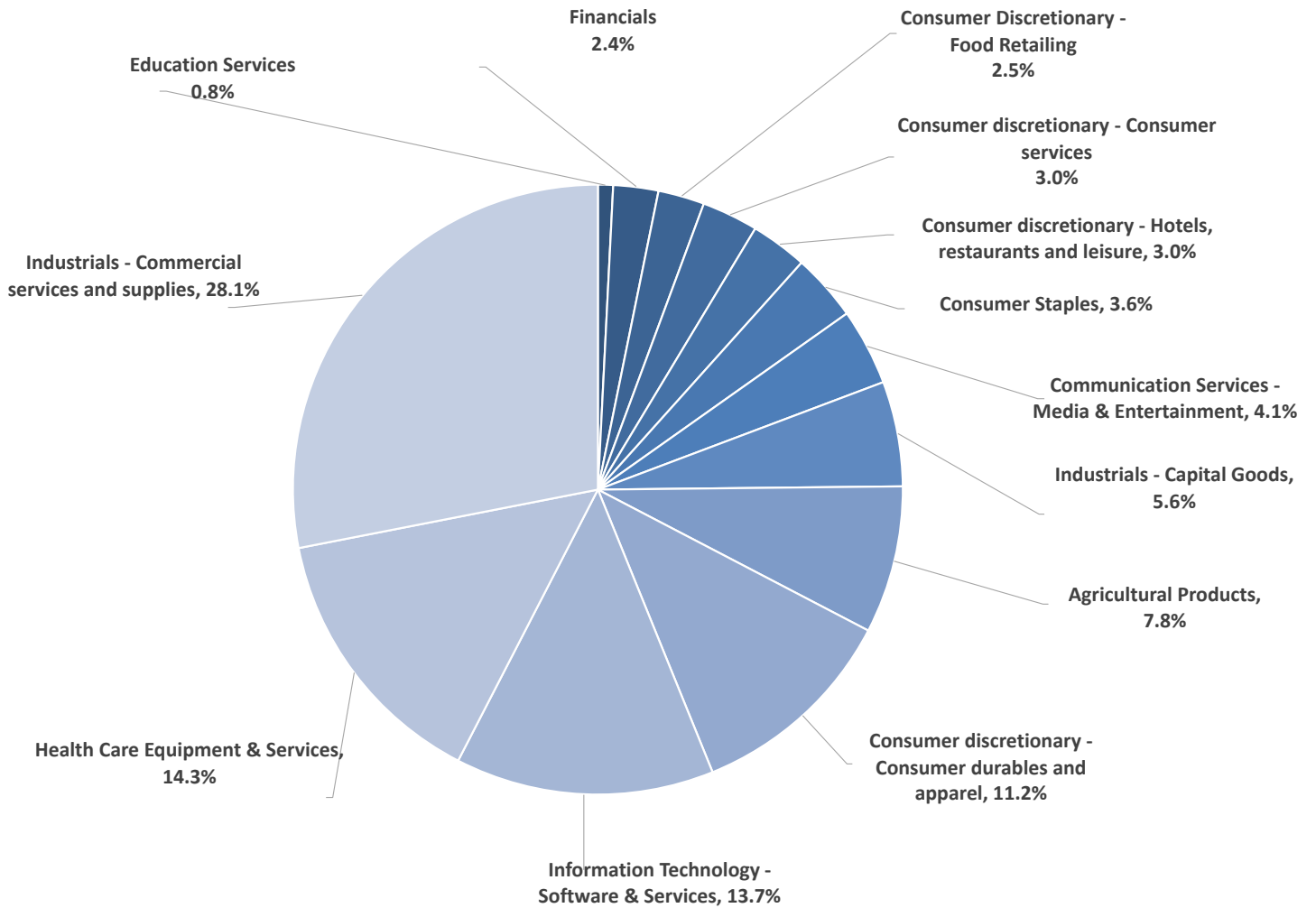
SUMMARY OF VPEG3's Top 10 UNDERLYING PRIVATE EQUITY INVESTMENTS

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 March 2023. The largest single exposure belongs to Allegro Fund III's residual holding in ASX-listed Best & Less Group (ASX:BST). The top 10 investments held within the portfolio comprise 50.0% of the total private equity exposure.

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	7.6%	7.6%
2	Questas Group	Allegro Fund III	Network of niche industrial businesses across Australia	6.4%	14.0%
3	Team Global Express (previously Toll Global Express)	Allegro Fund III	An Australian transportation and logistics company with operations on road, rail, air, sea and warehousing	5.8%	19.8%
4	Silverchef	Next Capital IV	Rental & Financing of Commercial Equipment	5.6%	25.4%
5	GBST Wealth Management	Anchorage Capital Partners Fund III	Financial services technology provider to the global wealth market	5.1%	30.5%
6	Compass Education	Advent Partners 2 Fund	Student Information System Software / Services Provider	5.0%	35.5%
7	Medtech	Advent Partners 2 Fund	Provider of Practice Management Software (PMS)	4.1%	39.6%
8	Hellers	Adamantem Capital fund I	Producer of Processed Meats in New Zealand	3.6%	41.2%
9	Hygain	Adamantem Capital fund I	Australian Horse Feed & Supplement Manufacturer & Distributor	3.5%	44.7%
10	Delta Agribusiness	Odyssey Private Equity Fund 8	Provider of Agriculture Products and Independent Rural Services	3.4%	48.1%

INDUSTRY SPREAD OF VPEG3’s UNDERLYING INVESTMENTS

VPEG3’s exposure to the “Industrial – Commercial Services and Suppliers” industry sector which consists of: Questas Group, Team Global Express, Specialised Linen Services, Legend Corporation, ResourceCo, Eptec Group, TM Insight, Enviropacific and Architectus represents VPEG3’s largest industry sector exposure, representing 28.1% of VPEG3’s total private equity portfolio at March quarter end.



Figure; Industry exposure of VPEG3’s underlying investments

MARKET & ECONOMIC UPDATE

Inflation fell to 7 per cent in the March quarter, amid an easing in price pressures for food, clothing and housing construction, confirming the worst of Australia's inflation outbreak has passed.

The figures were a little stronger than market expectations for annual inflation of 6.9 per cent, but consistent with analysis by professional economists and the RBA that price pressures peaked at the end of last year.

Prices increased by 1.4 per cent within the March quarter itself, which was the softest quarterly read in a year.

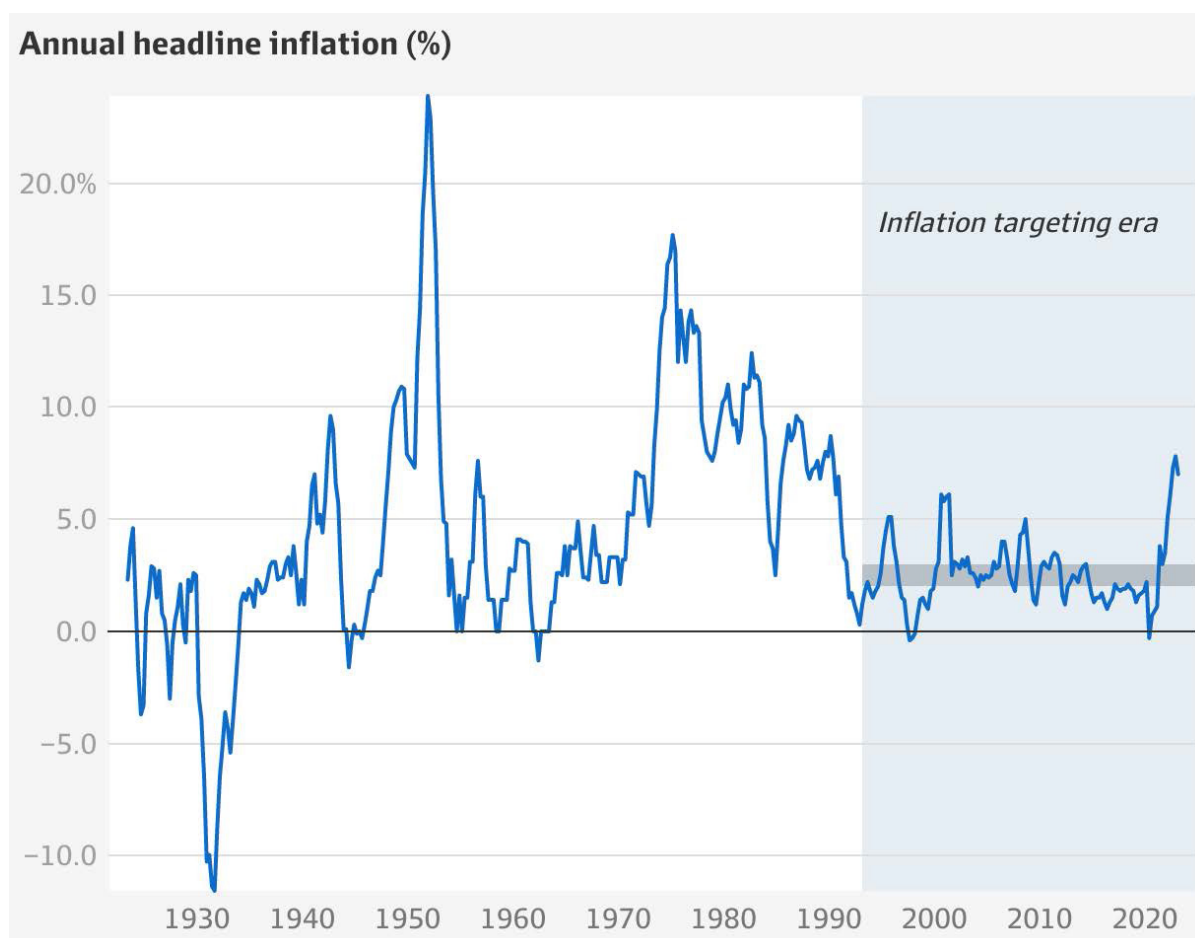


Chart: Michael Read - Source Australian Bureau of Statistics: Reserve Bank of Australia

On 2 May 2023, the RBA Board decided to increase the cash rate target by 25 basis points to 3.85 per cent. It also increased the rate paid on Exchange Settlement balances by 25 basis points to 3.75 per cent.

Despite inflation peaking in Australia, the Board deemed the current 7 percent rate still excessively high, recognizing that it will take some time before it falls within the target range. Considering the crucial need to restore inflation to the desired level within a reasonable timeframe, the Board concluded that an additional interest rate hike was justified.

Trimmed mean inflation, the RBA's preferred measure of underlying price pressures, slowed to 6.6 per cent from 6.9 per cent, which was slightly softer than expectations of 6.7 per cent. Underpinning the fall in inflation was

smaller price rises for goods, as well as lower food inflation. Heavy discounting caused the price of clothing and footwear to fall by 1 per cent in the first three months of the year, while inflation in the price of furniture and appliances also eased. Goods inflation globally has softened recently thanks to falling shipping costs and the resolution of supply chain issues. Inflation in the cost of building a new dwelling – the largest item in the CPI basket –slowed to 13 per cent, down from a peak of 21 per cent last year, thanks to an easing in material cost pressures and softening demand.

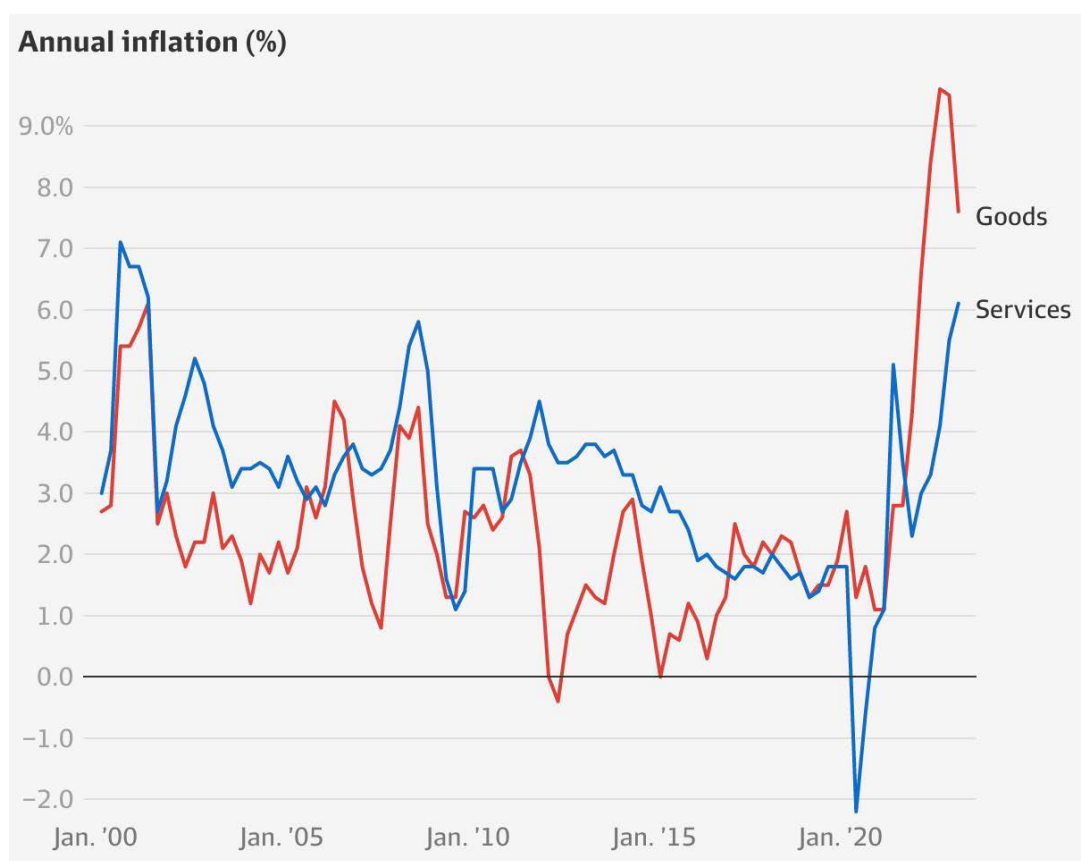


Chart: Michael Read - Source Australian Bureau of Statistics

However, while inflation has slowed in some parts of the CPI basket, price pressures remain elevated in other key components. This includes the cost of renting a home, which is the second-largest item in the CPI basket. An acute shortage of properties has pushed rents 4.9 per cent higher over the year – the fastest pace of rent inflation in more than a decade.

Outside of Sydney and Melbourne, rents have surged by 6.5 per cent over the past year, with further increases expected thanks in part to a strong increase in overseas migration.

Services price inflation hit 6.1 per cent, which was its fastest rate in two decades, driven by higher prices for restaurant meals, holiday travel and medical services.

Education prices, which includes school and university fees, posted their largest rise in five years, increasing by 5.4 per cent over the past 12 months.

Gas prices have increased by 26 per cent over the past year, which the ABS said was the highest annual rate on record.

Electricity prices have increased by 16 per cent since last March, with further price rises expected in June, with default contract prices to jump by 20 to 30 per cent, adding 0.25 of a percentage point to inflation in the financial year starting on July 1.

The RBA's February economic forecasts show the central bank expects headline inflation to slow to 4.8 per cent by the end of the year, and to 3 per cent by mid-2025, as the fastest tightening cycle in a generation forces the economy to cool.

This quarter, private equity origination activity was the lowest it has been for over 10 years. 5 deals were announced or completed over the period. These deals were in the financial services, education and agribusiness sectors.

This quarter, private equity origination activity was the lowest it has been for over 10 years. Five deals were announced or completed over the period. These deals were in the financial services, education and agribusiness sectors. Following a similar trend, there were only 3 exits during the March quarter, significantly lower than the 13 exits announced over the same period 12 months prior. The market remains attractive and open to exits via trade or secondary sales. VPEG3's underlying managers report that there are a number of ongoing discussions and negotiations for the exit of portfolio companies, which are expected to be completed over the next three to six months, ultimately delivering further returns for VPEG3 investors.

CONTACT DETAILS

Vantage Private Equity Growth 3, LP

Level 50, 120 Collins Street
Melbourne, Victoria 3000 Australia

Vantage Private Equity Growth Trust 3A

Level 39, Aurora Place
88 Phillip Street
Sydney, NSW 2000 Australia

GENERAL PARTNER & INVESTMENT MANAGER

General Partner: Vantage Private Equity Management Partnership, LP

ILP No. L000417A

Investment Manager and VPEG3A Trustee: Vantage Asset Management Pty Limited

ACN: 109 671 123

Australian Financial Services Licence: 279186

Level 39, Aurora Place
88 Phillip Street
Sydney, New South Wales 2000
Telephone: +61 2 9067 3133
Email: info@vantageasset.com
Website: www.vpeg3.info
Website: www.vantageasset.com

