

VANTAGE PRIVATE EQUITY GROWTH 3

DECEMBER 2017
QUARTERLY REPORT

VPEG3
DIVERSIFY
GROW
OUTPERFORM

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IMPORTANT INFORMATION

This report has been prepared by Vantage Private Equity Management Partnership, LP, an authorised representative of Vantage Asset Management Pty Limited ABN 50 109 671 123, AFSL 279186 ('VAM'), in its capacity as Investment Manager of Vantage Private Equity Growth 3, LP. It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should seek their own advice about an appropriate investment or investment strategy. This report should not be relied upon as personal advice nor is it an offer of any financial product. All \$ referred to in this report are Australian dollars.

SUMMARY

BACKGROUND

Vantage Private Equity Growth 3 ('VPEG3') is a multi-manager Private Equity investment fund structured as an Australian Fund of Funds Limited Partnership.

VPEG3 is also 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.

VPEG3 is focused on investing in professionally managed Private Equity funds that invest in businesses that are at a more mature stage of development, and in particular the Later Expansion and Buyout stages of Private Equity investment.

The Fund's investment objective for its Investment Portfolio is to achieve attractive medium term returns on its Private Equity investments while keeping the volatility of the overall investment portfolio low. This is achieved by investing across a highly diversified portfolio of Private Equity assets with diversification obtained by allocating across fund manager, geographic region, financing stage, industry sector and vintage year. VPEG3 will invest the majority of its Investment Portfolio into Australian based Private Equity funds who in turn are focused on investing into small to mid-market sized companies headquartered in Australia and New Zealand, with enterprise value of between \$25m and \$250m at investment.

VPEG3 will develop a diversified portfolio of underlying investments by investing into between 6 to 8 underlying Private Equity funds, focused on investments into profitable companies in growth industry sectors including the Healthcare, Consumer Discretionary, Education and Tourism sectors.

As at 31 December 2017, VPEG3 has committed \$49m across five Primary Private equity funds and had completed one co-investment. As a result, a total of four underlying company investments exist within the portfolio at quarter end. VPEG3's investment commitments include; \$12m to Allegro Fund III; \$10m to each of Adamantem Capital Fund 1, Advent Partners 2 Fund and Anchorage Capital Partners Fund III and \$7m to Odyssey Private Equity Fund 8. VPEG3 has also completed a \$250k Co-Investment into Fitzpatrick Financial Group.

"SPECIAL POINTS OF INTEREST"

\$10M

COMMITMENT TO ANCHORAGE CAPITAL PARTNERS FUND III

a \$350m turnaround fund, managed by Sydney, Australia based, Anchorage Capital.

\$5M

ADDITIONAL COMMITMENT TO ADAMANTEM CAPITAL FUND 1

Bringing VPEG3's total commitment to this fund to \$10m.

TWO NEW UNDERLYING COMPANY INVESTMENTS AND ONE BOLT-ON COMPLETED DURING THE QUARTER WITH ONE ADDITIONAL UNDERLYING COMPANY INVESTMENT ANNOUNCED.

PERFORMANCE

The period 1 October 2017 to 31 December 2017 saw an additional \$15m in Private Equity commitments completed by VPEG3 across two underlying funds, bringing total Private Equity commitments of the fund to \$49m across five funds.

In addition, there were two new underlying company investments completed by each of Allegro Fund III and Adamantem Capital Fund 1, with an additional bolt-on investment also completed by Adamantem Capital Fund 1. In addition, another underlying company investment was announced during the quarter that was completed during January 2018. The number of underlying investments is set to increase over the coming months with all underlying fund managers actively evaluating several investment opportunities.

As at 31 December 2017, investors had Paid Capital to VPEG3 totalling 10% of Committed Capital (Capital Calls 1 and 2). On 21 December 2017, Capital Call No. 3 was issued to investors, for a further 10% of Committed Capital, with payment due on 9 January 2018. The reason for Call No. 3 was to fund VPEG3's share of new underlying company investments and bolt-ons, completed by Adamantem Capital Fund 1, Advent Partners 2 and Odyssey Private Equity Fund 8 during January 2018.

KEY PORTFOLIO DEVELOPMENTS

During the December 2017 quarter, VPEG3 continued the development of its private equity portfolio with a new fund commitment made to a turnaround private equity fund and an increased commitment to another existing fund within the portfolio. In addition, VPEG3 continued to grow its underlying Private Equity portfolio with two new underlying company investments and one bolt-on investment completed during the quarter.

KEY PORTFOLIO DEVELOPMENTS (CONTINUED)

"VPEG3 COMMITS \$10M TO ANCHORAGE CAPITAL PARTNERS FUND III, A \$350M MID MARKET PRIVATE EQUITY FUND,"

Draw downs during the quarter from VPEG3, totaling \$1,410,463, were made to Adamantem Capital Fund 1 ('Adamantem 1'), Allegro Fund III ('Allegro III') and Odyssey Private Equity Fund 8 ('Odyssey 8').

The calls were required to fund the two new underlying company investments and one bolt on acquisition completed during the quarter as well as working capital requirements, including due diligence costs associated with new underlying investments.

During October 2017, Allegro III completed the acquisition of New Zealand's Leading footwear retail group, which includes Number One Shoes and R Hannah & Co with the acquisition subsequently renamed as the Ngahuia Group.

In November 2017, Adamantem 1 completed the acquisition of Hygain Holdings Pty Ltd, a premium Australian Horse feed producer.

In December 2017, Adamantem 1 portfolio company, Heritage Lifecare, added to its portfolio of New Zealand aged care facilities with the bolt on acquisition of another aged care operation.

Finally during the quarter, VPEG3 completed an investment commitment of \$10m to Anchorage Capital Partners Fund III, a \$350m turnaround fund, managed by Sydney, Australia headquartered Anchorage Capital Partners Pty Limited (Anchorage). In addition, VPEG3 also increased its investment commitment to Adamantem 1 by \$5m bringing VPEG3's total commitment to Adamantem 1 to \$10m.

The number of underlying company investments in VPEG3's portfolio is set to increase over the coming year with fund managers reporting solid pipelines of investment opportunities which is expected to lead to the completion of a number of new investments during 2018.

OVERVIEW OF NEW INVESTMENT COMMITMENTS

ANCHORAGE CAPITAL PARTNERS FUND III



Anchorage Capital Partners Pty Ltd (www.anchoragecapital.com.au) was formed in 2007 by Phillip Cave and Daniel Wong as a dedicated private equity firm that focuses on control investments in established businesses with a strong market position or brand which are not performing at their full potential, often as a result of capital constraints, lack of management attention or being a non-core 'orphan' in a large corporate.

Anchorage's investment process applies their unique combination of capital, operational expertise and change management disciplines, by working in partnership with the management teams.

Prior to raising their first fund in 2008, the teams founding principals had been involved in private equity investing, often as executive managers, in the Asia-Pacific region for over 20 years. As a result, Anchorage brings significant experience to all investments it pursues.

OVERVIEW OF NEW INVESTMENTS (ANNOUNCED)



Oztrail - Odyssey Private Equity Fund 8

On 4 December 2017, LE Whittaker and Sons Pty Ltd (Oztrail) announced that its shareholders had reached an agreement to enter into a transaction with a consortium led by Odyssey Private Equity (Odyssey), Vanessa Garrard and Dr Glen Richards. As part of the transaction, Odyssey will acquire a controlling interest in the well known and loved, third-generation Australian outdoor leisure products business.

Founded in 1989, the Business has a strong track record of product innovation and growth through retailers both domestically and internationally, including in over 9 countries. Following the transaction, Oztrail will continue to operate out of its Brisbane Head Office located in the TradeCoast precinct.

OVERVIEW OF NEW INVESTMENTS (ANNOUNCED)

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Oztrail - Odyssey Private Equity Fund 8 (Con't)

Andrew Whittaker, General Manager of OZtrail said: “We are proud of what our team has achieved in building OZtrail into what it is today. We made this decision because Odyssey, Vanessa and Glen have demonstrated they are best aligned with our vision and we look forward to drawing on their industry experience and access to funding that will enable growth and opportunities for our extended OZtrail family of staff, suppliers, customers and consumers. We are looking forward to working with experienced operators who have contributed to the success of companies like Greencross Vets, Macpac, Petbarn and Lorna Jane. The Whittaker family involvement will also continue as I am staying with the business to help implement our exciting growth plans.”

Paul Readdy, Partner at Odyssey Private Equity said: “This is a great chance for Odyssey to work with our new partners and apply our strong outdoor leisure product knowledge and experience. OZtrail has built up an impressive position in the industry and we are keen to invest further in the brand and the business.”

Vanessa Garrard, Group CEO said: “We are delighted to be partnering with OZtrail, this partnership will bring the benefits of scale, strong market access and category expertise to help take the Business to the next level. We look forward to continuing to provide and expand on OZtrail’s wide range of products catering for outdoor or leisure enthusiasts.”

PORTFOLIO STRUCTURE

“VPEG3 currently has \$49.25m in commitments and investments across five underlying private equity funds and one co-investment.”

VPEG3's Portfolio Structure - 31 December 2017

The tables and charts below provide information on the breakdown of VPEG3's investments as at 31 December 2017.

Current Investment Portfolio Allocation

The following tables provide the percentage split of VPEG3's 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 2017, the private equity component of VPEG3's investment portfolio consisted of four investments including; Heritage Lifecare, Hygain Holdings, Ngahuia Group and Fitzpatrick Financial Group.

CASH	FIX INTEREST	PRIVATE EQUITY	
21.6%	3.2%	Later Expansion	47.4%
		Buyout	27.8%

Private Equity Portfolio

VPEG3, with commitments to five Private Equity funds, ultimately held interests in four underlying company investments at quarter end. (These represent completed acquisitions within the portfolio as at 31 December 2017). As a result, VPEG3's Private Equity portfolio and commitments, as at 31 December 2017, were as follows:

PRIVATE EQUITY PORTFOLIO

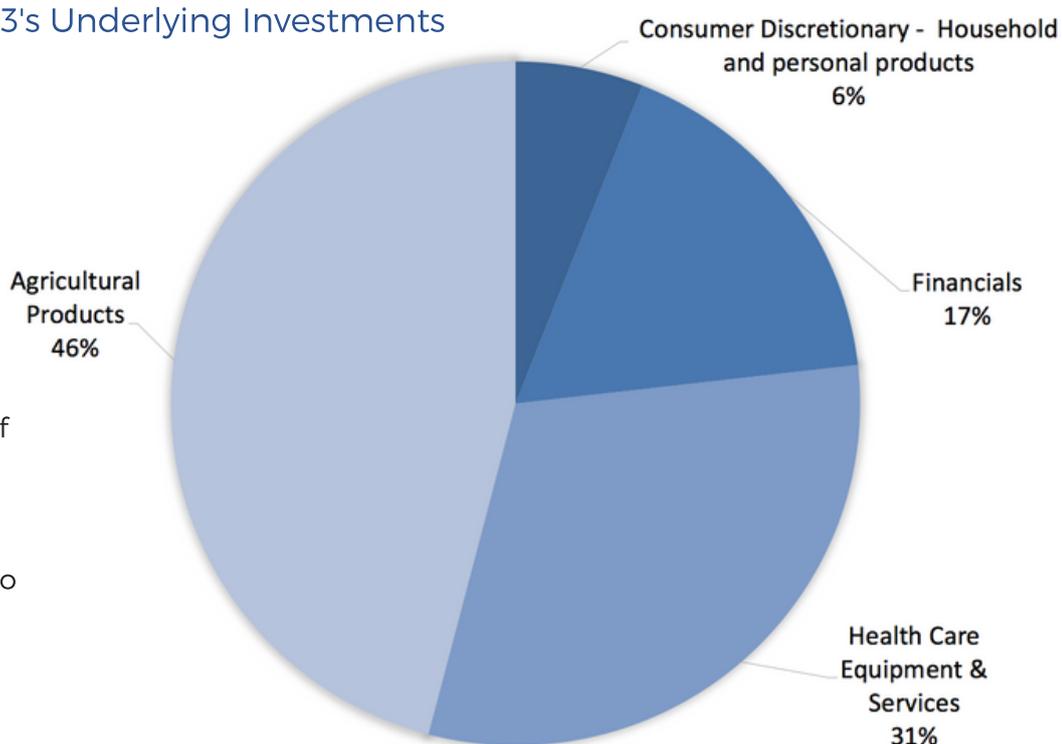
Private Equity Fund Name	Fund / Deal Size	Vintage Year	Investment Focus	VPEG3 Commitment	Capital Drawn Down	Total No. of Investee Companies	Exits
Adamantem Capital Fund 1	\$600m*	2017	Mid Market Expansion / Buyout	\$10.0m	\$1.22m	2	-
Odyssey Private Equity Fund 8	\$275m	2017	Mid Market Growth Capital	\$7.0m	\$0.14m	-	-
Advent Partners 2 Fund	\$300m	2017	Mid Market Expansion / Buyout	\$10.0m	\$0.00m	-	-
Allegro Fund III	\$280m	2017	Mid Market Expansion / Buyout	\$12.0m	\$0.20m	1	-
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Expansion / Buyout	\$10.0m	\$0.00m	-	-
Co-Investment Fitzpatrick Financial Group	\$200m	2017	Mid Market Expansion	\$0.25m	\$0.26m	1	-
Total				\$49.25m	\$1.82m	4	-

* Target Fund Size

Industry Spread of VPEG3's Underlying Investments

The completion during the quarter of the Hygain Holdings investment by VPEG3 investee Adamantem Capital Fund 1, increased VPEG3's exposure to the "Agricultural Products" sector from 0% to 46%.

In addition, the completion of the bolt on acquisition by Adamantem Capital Fund 1 investee, Heritage Lifecare, increased VPEG3's exposure to the "Health Care" sector to 31%.



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