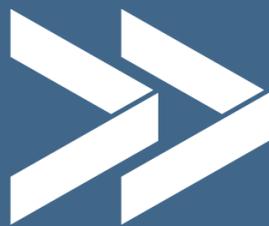


VPEG3

DIVERSIFY
GROW
OUTPERFORM



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

3	SUMMARY
4	PERFORMANCE
5	KEY PORTFOLIO DEVELOPMENTS
6	OVERVIEW OF NEW INVESTMENTS
7	OVERVIEW OF ANNOUNCED INVESTMENT
8	PORTFOLIO STRUCTURE
12	VPEG3 PORTFOLIO COVID-19 UPDATE
16	MARKET & ECONOMIC CONDITIONS

TABLE OF CONTENTS

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

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

SPECIAL POINTS OF INTEREST

Next Capital Fund IV acquires TM Insight, a Supply Chain consulting and implementation service provider to clients across the food, wholesale, manufacturing and transport / logistics sectors

Mercury Capital Fund 3 acquires a minority shareholding in TEG, a market leading live entertainment business in Australia and New Zealand

Anchorage Capital Partners Fund III announces the acquisition of AHG Refrigerated Logistics, Australia's largest fully integrated refrigerated logistics provider

A significant majority of VPEG3's underlying portfolio have reported a net benefit or a low impact to their revenues as a result of the current COVID-19 operating environment

SUMMARY cont.

As at 31 March 2020, VPEG3 had committed \$67.50 million across seven Primary Private Equity Funds and two co-investments. As a result, a total of 30 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

During the period 1 January 2020 to 31 March 2020, three new underlying company investments were completed and added to VPEG3's portfolio. New acquisitions were completed by Anchorage Capital Partners Fund III, Next Capital Fund IV and Mercury Capital Fund 3. In addition, one further underlying company investment was announced at quarter end by investee Anchorage Capital Partners Fund III. As a result, the total number of underlying Private Equity investments in VPEG3's portfolio at quarter end was thirty.

The table to the right provides a summary of the performance of VPEG3, LP's portfolio during the March 2020 quarter. As demonstrated, VPEG3, LP's Net Asset Value (NAV) per dollar of Committed Capital to VPEG3 decreased by 5.84% across the quarter from \$0.445 at 31 December 2019 to \$0.419 at 31 March 2020. The decrease in NAV resulted predominately from the reduction in the unrealised value of eight underlying portfolio companies in VPEG3, LP's portfolio, offset by the increase in value of one underlying portfolio company across the quarter, due to the impact of COVID-19 on their operations.

Month Ending	VPEG3, LP NAV / \$ of Committed Capital to VPEG3
31-Mar-20	0.419
29-Feb-20	0.437
31-Jan-20	0.442
31-Dec-19	0.445

The second table to the right provides a summary of the performance of VPEG3A's NAV during the March 2020 quarter. As demonstrated, VPEG3A's NAV per unit decreased across the quarter from \$0.913 to \$0.892. The decrease in NAV resulted predominately from the reduction in the unrealised value of two underlying portfolio companies in VPEG3A's portfolio across the quarter, due to the impact of COVID-19 on their operations.

VPEG3's underlying Private Equity fund managers report that whilst they expect that each of their portfolio companies is likely to return to its pre-crisis maintainable earnings, the timing and the extent of recovery remain uncertain. As a result they do not expect any of these reductions in unrealised values to be permanent but rather reflect the current temporary deterioration in trading conditions resulting

from the COVID-19 imposed restrictions on the economy. Please refer to the section below under "Revised International Private Equity Valuation Guidelines for Portfolio Revaluations As at 31 March 2020" for further detail about the valuation process undertaken by all underlying funds within VPEG3's portfolio at the March 2020 quarter end.

As at 31 March 2020, all VPEG3 Investors had Paid Capital to VPEG3, LP totalling 53% of their Committed Capital to VPEG3. Furthermore, all VPEG3 investors, with the exception of SIV investors, had Paid Capital to VPEG3A, totalling 12.5% of their Committed Capital to VPEG3 at quarter end.

Month Ending	VPEG3A NAV / Unit (\$)
31-Mar-20	0.892
29-Feb-20	0.892
31-Jan-20	0.902
31-Dec-19	0.913

KEY PORTFOLIO DEVELOPMENTS

During the March 2020 quarter, VPEG3 continued the development of its Private Equity portfolio with three new underlying company investments completed and another new acquisition announced at quarter end.

Drawdowns during the quarter from VPEG3, totaling \$949,084 were paid to Advent Tribe co-investment Trust for the co-investment into Tribe Brewing Pty Ltd, Allegro Fund III and Mercury Capital Fund 3.

The majority of calls paid during the quarter were to fund the new underlying company investments and a follow on investment into an existing underlying company. Additional capital was also called to fund other costs associated with the operations of underlying funds, including management fees and due diligence costs incurred in completing new investments.

During January 2020, Next Capital Fund IV completed the acquisition of TM Insight, a supply chain consulting and implementation service provider to clients across the food, wholesale, manufacturing and transport and logistics sectors.

Also during January 2020, Anchorage Capital Partners Fund III completed the acquisition of CF Asia Pacific, Australia's leading full-service rail leasing business and the fourth largest owner of assets on the Defined Interstate Rail Network. (Refer to VPEG3 Quarterly Report December 2019 for further details).

Finally, during the quarter, Anchorage Capital Partners Fund III announced the acquisition of AHG Refrigerated Logistics, Australia's largest fully integrated refrigerated logistics provider.

While the longer-term financial implications of COVID-19 are still unknown, the volatility in global markets has already created a re-rating of risk amongst market participants. Arguably these events are signifying the beginning of a new cycle in financial markets and the end of a prolonged period of asset inflation and increasing acquisition multiples. As a result of the current environment, VPEG3's underlying Private Equity fund managers are adopting a conservative approach to any new underlying investment activity.

Once the public health and safety issues have been addressed and the economic ramifications can be more clearly assessed, Vantage expect there will be meaningful opportunities for VPEG3's underlying fund managers to invest further capital at attractive valuations throughout the second half of the calendar year 2020. This will lead to the development of a highly diversified portfolio for VPEG3 to ultimately deliver superior risk adjusted returns to investors over the term of the Fund.

OVERVIEW OF NEW INVESTMENTS

TM INSIGHT - NEXT CAPITAL FUND IV

In January 2020, Next Capital Fund IV completed the acquisition of supply chain consulting business, TM Insight (TMI).

TMI was established in 2010 for the purpose of providing supply chain consulting and implementation services to address growing customer needs in fast moving and evolving supply chain solutions.

TMI began as a project management business but over time transitioned to providing critical in demand services including supply chain advisory and property services. The company has long standing relationships with many blue-chip customers including some of Australia's largest and most reputable companies in food and fast moving consumer goods (FMCG), transport and logistics, retail and property and hotel development. TMI currently has over 50 staff working across four office locations in Sydney, Melbourne, Brisbane and a pending office in Singapore.

TMI operates through four divisions, Supply Chain, Property, Project Services and Commercial and Leisure and offers a unique business model whereby it provides an integrated service across design, procurement, delivery and implementation and this is a key contributing factor to TMI's success.



THE ENTERTAINMENT GROUP (TEG) - MERCURY CAPITAL FUND 3

In March 2020, Mercury Capital Partners Fund 3 completed the third investment for their fund by acquiring a minority shareholding, alongside global Private Equity firm Silver Lake in TEG, the market leading live entertainment business in Australia and New Zealand. TEG's primary operating businesses are market leaders in their respective categories and include the event ticketing business Ticketek and event promoters TEG Dainty and TEG Live.



TEG holds an approximate 70% market share in ticketing for large concerts and top tier sports events primarily via its core ticketing brand, Ticketek and is number 2 in the industry in event promotion via its promotion brands TEG Dainty and TEG Live, with a focus on tier 1 concerts. TEG employs approximately 500 staff across its operations in Australia, New Zealand, South East Asia and the United Kingdom.

OVERVIEW OF RECENTLY ANNOUNCED INVESTMENT

AHG REFRIGERATED LOGISTICS - ANCHORAGE CAPITAL PARTNERS FUND III

On 27 February 2020, Anchorage Capital Partners announced they had entered into an agreement to acquire AHG Refrigerated Logistics (AHG RL) from ASX listed AP Eagers Ltd.



AHG RL is Australia's largest fully integrated cold chain logistics provider and is the market leader in temperature controlled road and rail transport. The business operates a transport fleet of approximately 500 trucks, 1,000 truck trailers, 450 rail containers and 24 cold storage facilities across all Australian mainland states. AHG RL is a non-core division of AP Eagers which is one of the largest automotive dealership groups in Australia. AHG RL is an attractive business in the stable refrigerated logistics sector, with a leading market position, operating a national network.

Following the broader market disruptions in late March 2020, it is expected that the acquisition of AHG Refrigerated logistics will be completed during the June 2020 quarter.

PORTFOLIO STRUCTURE

VPEG3's PORTFOLIO STRUCTURE - 31 MARCH 2020

The tables and charts below provide information on the breakdown of VPEG3's investments as at 31 March 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 March, the Private Equity component of VPEG3, LP's investment portfolio consisted of twenty three completed investments, which include; Hygain Holdings, Ngahua Group, Endeavour Learning Group, Servian Group, Adventure Holdings Australia Pty Ltd (Oztrail), Mining Technologies Holdings Pty Limited, SILK Laser & Skin Holdings Pty Ltd, Compass Education, South Pacific Laundries, Zenitas Healthcare, Hellers, Delta Agribusiness, Sushi Sushi, Questas Group, FRANKiE4, Perth Radiology Clinics, Legend Corporation, Squiz, MessageMedia, Mandoe, Value Retail Group, InterHealthcare and TM Insight.

Cash	Short Term Deposits	Private Equity	
4.5%	7.2%	Later Expansion	41.5%
		Buyout	46.9%

As at 31 March 2020, the Private Equity component of VPEG3A's investment portfolio consisted of six investments including; Heritage Lifecare, Fitzpatrick Financial Group, Tribe Brewing, Silverchef, The Entertainment Group (TEG) and CF Asia Pacific.

Cash	Short Term Deposits	Private Equity	
0.2%	0.2%	Later Expansion	39.2%
		Buyout	60.5%

PRIVATE EQUITY PORTFOLIO

VPEG3, with commitments to seven Private Equity funds and two co-investments, ultimately held interests in 30 underlying company investments at quarter end. As a result, VPEG3's Private Equity portfolio and commitments, as at 31 March 2020, were as follows;

Private Equity Fund Name	Fund / Deal Size	Vintage Year	Investment Focus	VPEG3 Commitment	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Adamantem Capital Fund 1	\$591m	2017	Mid Market Expansion / Buyout	\$10.0m	\$7.09m	6	-
Odyssey Private Equity Fund 8	\$275m	2017	Mid Market Growth Capital	\$7.0m	\$3.78m	5	-
Advent Partners 2 Fund	\$300m	2017	Mid Market Expansion / Buyout	\$10.0m	\$2.76m	3	-
Allegro Fund III	\$290m	2017	Mid Market Expansion / Buyout	\$12.0m	\$4.22m	5	-
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Expansion / Buyout	\$10.0m	\$2.36m	3	-
Mercury Capital Fund III	\$600m	2019	Mid Market Expansion	\$7.5m	\$2.10m	3	-
Next Capital Fund IV	\$275m	2019	Mid Market Expansion	\$10.0m	\$1.28m	3	-
Co-invest (Fitzpatrick Financial Group)	\$200m	2017	Mid Market Expansion	\$0.25m	\$0.27m	1	-
Co-invest (Tribe Brewing)	\$30m	2018	Mid Market Expansion	\$0.75m	\$0.66m	1	-
Total				\$67.50m	\$24.52m	30	-

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 March 2020.

Rank	Investment	Fund	Description	% of VPEG3's Private Equity Investments	Cumulative %
1	Hellers	Adamantem Capital Fund 1	Producer of processed meats in New Zealand	8.9%	8.9%
2	Hygain	Adamantem Capital Fund 1	Australian horse feed & supplement manufacturer & distributor	8.6%	17.5%
3	South Pacific Laundry	Anchorage Capital Partners Fund III	Leading national laundry operator	6.2%	23.7%
4	Heritage Lifecare Limited	Adamantem Capital Fund 1	New Zealand aged care & retirement village operator	6.0%	29.7%
5	Zenitas Healthcare	Adamantem Capital Fund 1	Community-based healthcare provider	5.5%	35.2%
6	Value Retail Group	Allegro Fund III	Iconic retail merchandising brands Bes & Less & Postie (NZ)	5.0%	40.2%
7	Silver Chef	Next Capital Fund IV	Hospitality equipment financier	5.0%	45.2%
8	Mining Technologies Holdings Pty Limited	Odyssey Private Equity Fund 8	Leading global provider of data & voice communications	4.5%	49.6%
9	Legend Corporation Pty Ltd	Adamantem Capital Fund 1	Wholesaler and distributor of electrical & gas products	4.4%	54.0%
10	Compass Education	Advent Partners 2 Fund	Student information system software / services provider	3.8%	57.8%

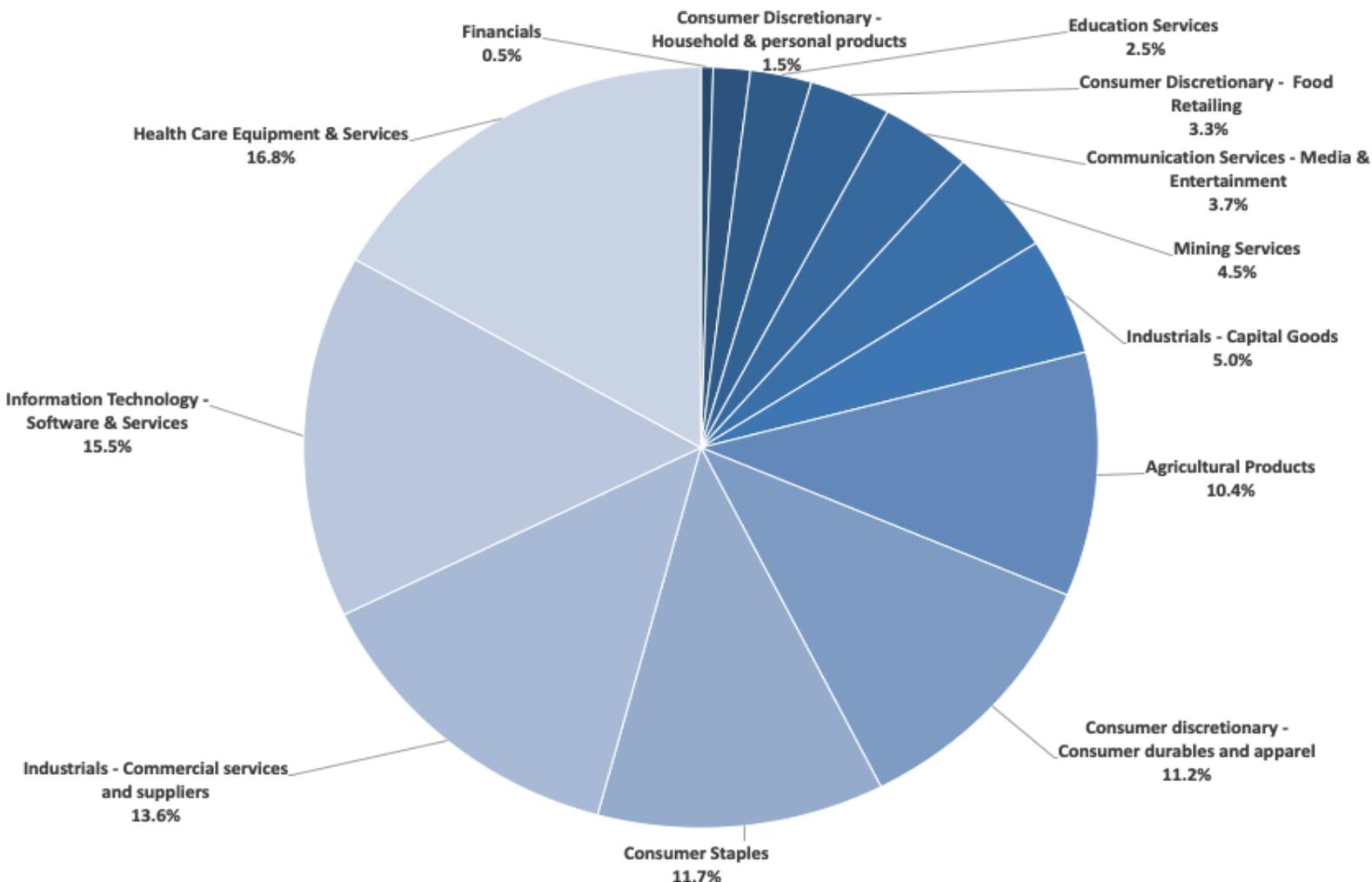
INDUSTRY SPREAD OF VPEG3’s UNDERLYING INVESTMENTS

The completion of the acquisition of TEG by investee Mercury Capital Fund 3 during the quarter commenced VPEG3’s exposure to the “Communication Services - Media & Entertainment” industry sector at 3.7%.

As Adamantem Capital Fund 1 investee, Hellers, value increased across the quarter, VPEG3’s exposure to the “Consumers Staple” industry sector increased from 9.0% to 11.7%.

As a result of these changes and other revaluations across the quarter, other industry sector exposures decreased marginally. VPEG3’s exposure to the “Health Care – Equipment & Services” industry sector, which consists of underlying companies Heritage Lifecare, Zenitas Healthcare, Perth Radiological Clinics and SILK Laser & Skin Holdings became VPEG3’s largest industry exposure, representing 16.8% of VPEG3’s total portfolio at quarter end.

As the investment into TM Insight by Next Capital Fund IV was initially bridge funded, capital was called for VPEG3’s share of this investment upon completion of the facility during April 2020. As such VPEG3’s exposure to the “Industrials - Commercial Services and Suppliers” industry sector will increase and will be reflected in the June 2020 quarter report.



VPEG3 PORTFOLIO COVID-19 UPDATE

REVISED INTERNATIONAL PRIVATE EQUITY VALUATION GUIDELINES FOR PORTFOLIO REVALUATIONS AS AT 31 MARCH 2020

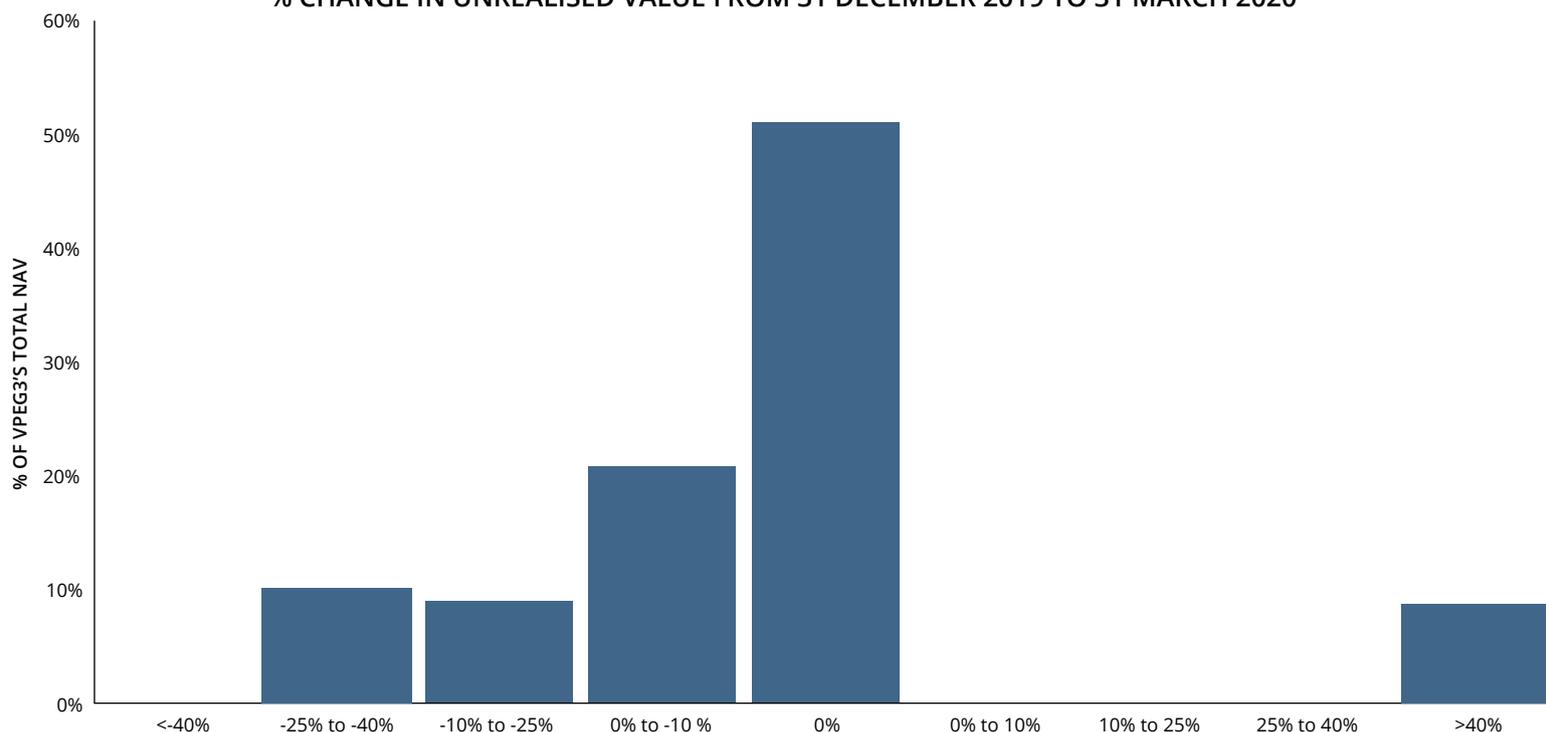
Given the magnitude of the COVID-19 crisis and the significant uncertainties which it presents, on 30 March 2020, the Australian Investment Council (AIC) issued a set of updated guidelines from the International Private Equity Valuation Board (IPEV). These updated guidelines have provided Private Equity managers globally with a framework to fairly value their underlying investments at the 31 March 2020 quarter-end.

Key summary points from IPEV guidelines for Private Equity portfolio revaluations as a result of COVID-19 include;

- The impact of the crisis on the portfolio company's revenue / customers, supply chain, and operations (including availability of employees and the leadership team to work remotely) must be rigorously considered at March 31, 2020.
- Estimates as to performance shortfalls for Q1, Q2 and beyond, to the extent possible are necessary. Updated performance projections are likely to be necessary.
- Appropriate multiples must be determined which reflect the current market environment including risk and uncertainty in projections and historical results.
- An appropriate multiple would be congruent with the metric to which it is applied. The percentage change in market capitalisation of comparable public companies may provide a good proxy for the magnitude of the change to be expected in the multiple
- Expected adverse performance in Q1 and Q2 2020 and beyond, if deemed one-time, would still impact cash balances and would be reflected as a deduction from enterprise value in estimating fair value.
- The selection of metrics base on last twelve months (LTM) or next twelve months (NTM) would be determined based on market participant expectations and the availability of applicable multiples.

As a result, a majority of VPEG3's underlying fund managers undertook revaluations of all unrealised investments based on forward looking projections as at 31 March 2020. The graph on the following page, details the range of change in unrealised value of VPEG3's underlying portfolio from 31 December 2019 to 31 March 2020 represented as a percentage of VPEG3's total Net Asset Value at 31 March 2020.

% CHANGE IN UNREALISED VALUE FROM 31 DECEMBER 2019 TO 31 MARCH 2020



Due to the high level of diversification of VPEG3's underlying portfolios, the effect of COVID-19 restrictions on the operations of each portfolio company has varied.

However, as demonstrated in the chart above, a significant majority of companies in VPEG3's underlying portfolio, representing **81% of total Net Asset Value**, have either increased in value, remained constant in value or reduced in value by less than 10% across the quarter due to the impact of COVID-19 restrictions on their operations.

In addition, many of VPEG3's underlying companies have adapted to the evolving operating environments under COVID-19 to deliver products and services, that assist business customers and other consumers in various ways. Ultimately, these initiatives have helped to protect the value of a majority of VPEG3's underlying portfolio companies during the onset of the current economic downturn.

VPEG3 COVID-19 PORTFOLIO REVIEW

The current environment around COVID-19 and restrictions imposed by Government's on the operations of businesses across the economy, is very fluid and its impact on each of VPEG3's underlying company investments is being monitored daily by all of VPEG3's underlying Private Equity fund managers.

Each underlying fund manager is working closely with the respective management teams of each company, to preserve cash and to implement strategies to maintain liquidity across a potential prolonged downturn, that are tailored for each individual investment.

The absolute priority of each underlying fund manager at this critical time is to seek to reduce any negative impact caused by the disruption of COVID-19 on the operations of each portfolio company and ultimately preserve value across the portfolio until the economy stabilises and strategies for growth can be re-implemented.

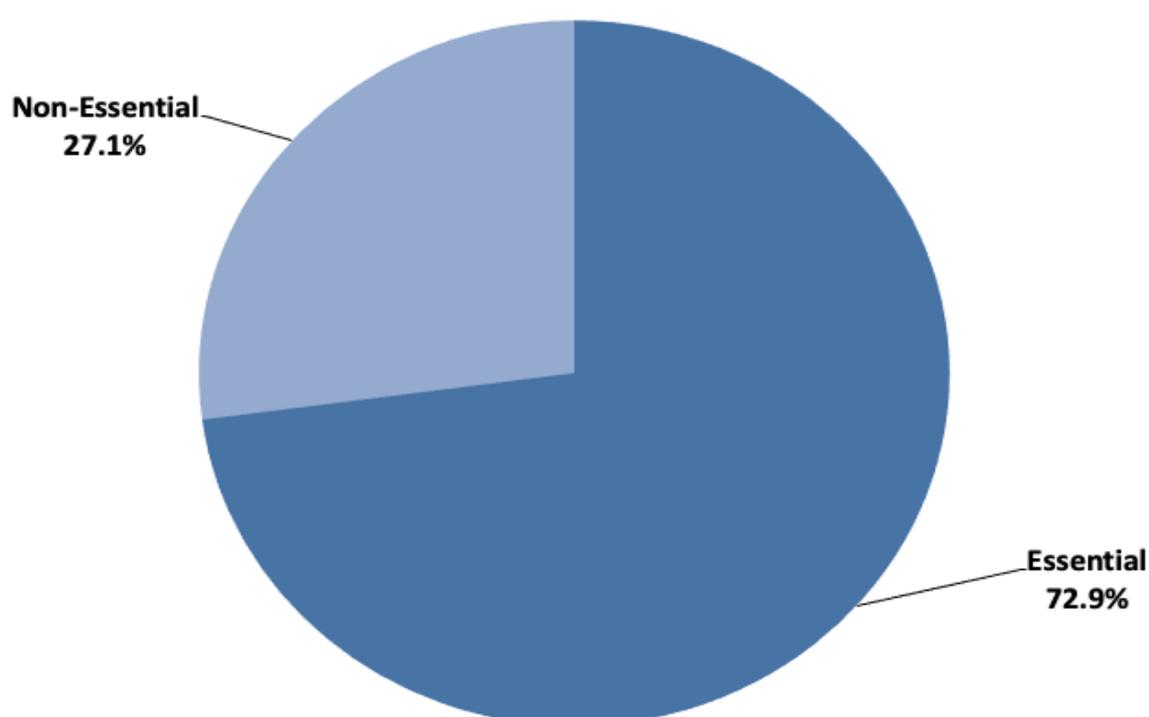
Following the receipt of comprehensive updates from all of VPEG3's underlying Private Equity managers and subsequent detailed discussions with each manager regarding the impact of the COVID-19 restrictions on the operations of all underlying companies in VPEG3's portfolio, the Vantage team developed a summary COVID-19 portfolio update that was distributed to all VPEG3 investors during April 2020.

The summary assessed the potential impact, mitigating factors and observed impact to date resulting from the COVID-19 situation as it relates to each of VPEG3's underlying company investment. A summary of the key points of note from this analysis is provided below.

As restrictions were imposed on the operations of businesses by both the Australian and New Zealand Governments, commencing in late March 2020, only businesses deemed as Essential Service business were allowed to continue to operate while observing social distancing and adhering to additional health and safety protocols in their workplaces.

The chart below provides a split of VPEG3's underlying company portfolio as they are deemed to operate as either Essential or Non-essential businesses as defined under the respective Australian and New Zealand Government's business definitions during COVID-19 restrictions.

SPLIT OF VPEG3'S PORTFOLIO BY COVID-19 BUSINESS DEFINITION

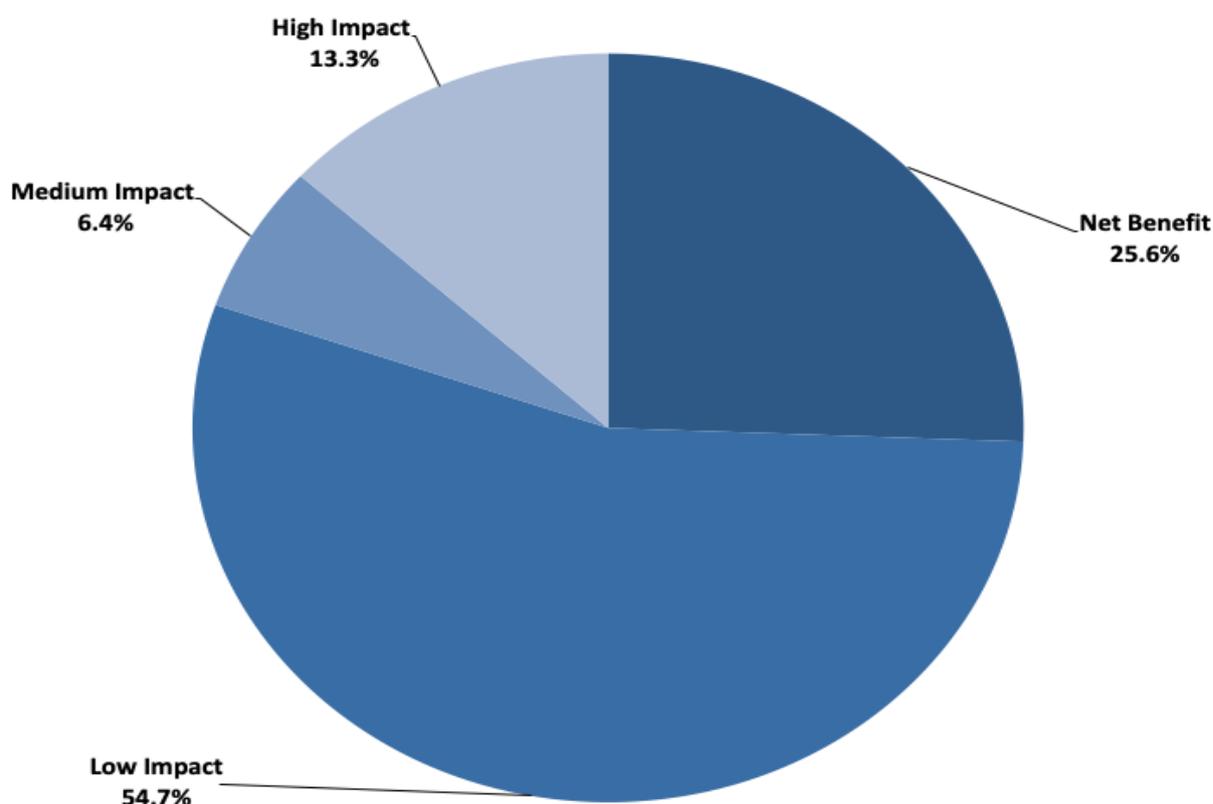


Note: Split as a % of VPEG3's NAV at 31 March 2020

As demonstrated above, **21 companies** representing **72.9% of VPEG3's Net Asset Value (NAV)** operate **Essential Service businesses** or provide a **majority of their products and services to Essential Service businesses**. This has effectively allowed these businesses to continue to operate following the imposition of the COVID-19 shutdowns / lockdowns in each country, reducing the impact of these restrictions on their financial performance.

The chart below provides a breakdown of the observed or forecast, impact on revenue, compared to the same period last year, resulting from the COVID-19 situation as it relates to each of VPEG3's underlying portfolio of company investments.

IMPACT TO REVENUE ACROSS VPEG3's UNDERLYING PORTFOLIO RESULTING FROM COVID-19



Note; Breakdown as a % of VPEG3's NAV at 31 March 2020

As demonstrated above, a total of **23 portfolio companies** representing **80.3% of VPEG3's NAV** have reported either a **net benefit or a low impact to their revenue's** as a result of the current COVID-19 operating environment.

As reported by underlying Private Equity managers, VPEG3's underlying portfolio of companies generally have a low to moderate level of gearing, with a majority of companies still generating good cashflows. Furthermore, it was reported that all of VPEG3's underlying companies have either sufficient cash reserves or the ability to draw down on existing finance facilities to satisfy their financial obligations, should a prolonged economic downturn persist. Finally, liquidity is being successfully managed within each business and whilst for a minority of companies, this remains dependent upon securing the benefit of various government and industry assistance packages, there is a reasonable level of confidence that each company will be able to manage their liquidity requirements until the COVID-19 restrictions are lifted.

“A SIGNIFICANT MAJORITY OF VPEG3’S UNDERLYING PORTFOLIO HAVE REPORTED A NET BENEFIT OR A LOW IMPACT TO THEIR REVENUES AS A RESULT OF THE CURRENT COVID-19 OPERATING ENVIRONMENT”

MARKET & ECONOMIC CONDITIONS

In late March 2020, the Australian and New Zealand Governments implemented strong containment measures to reduce the spread of COVID-19 among communities. To date these measures have proved effective in reducing the rate of new infections. However, these measures have come at a cost of significantly disrupting the economy and the many vast industries it is comprised of. As a result, both Governments have recently commenced rolling back restrictions across states and territories to essentially restart each economy.

The economic ramifications of the virus is being largely felt in unemployment rates. As some businesses inevitably downsize, employees have been stood down under Fair Work Act s.524- 525, which allows an employer to stand down employees due to a number of unforeseeable circumstances. Indeed, unemployment rates are increasing in many countries across the world especially those most impacted by the virus. Based on preliminary analysis it is estimated that Australia’s unemployment rate will cap between 7% to 10% during the next three to six months.

The banking and capital markets sector have not gone unscathed and may be facing difficult times ahead. The banks are witnessing credit challenges with both their business and retail customers, as they face increasingly problematic circumstances over the coming months and into 2021. Added to these headwinds, is the historically low interest rates at 0.25%. Having said that, there is a realisation that banks are generally better capitalised now than during the Global Financial Crisis (GFC).

Globally, stock markets have also been drastically impacted. The quarter ended 31 March 2020 saw rapid sell offs in most equity markets around the world. During this period the Dow Jones Industrial Average, the FTSE and the ASX All Ordinaries all experienced declines of over 30% in a two-week period.

Economists around the world are expecting that the downturn will be most acute in the next two to three quarters, with growth to return thereafter. The timing of the recovery will, however, depend on the duration of the containment measures, the rate of testing/contact tracing and the effectiveness of policy responses.

AUSTRALIA / NEW ZEALAND ECONOMIC RESPONSE

The Australian and New Zealand governments have moved quickly to legislate a wide range of measures to provide financial assistance to individuals and businesses.

In response to the impact on the Australian economy, the Government has implemented three stimulus packages worth over \$214 billion. These have included a range of payments to individuals and businesses representing approximately 10.6% of Australia’s GDP. The New Zealand Government has

a spending package equivalent to 4% of GDP in an attempt to fight the effects of COVID-19 on its economy.

In addition to the fiscal support, other important liquidity measures have also been implemented. A range of federal and state taxes have been either waived or deferred. Banks have provided an amortisation holiday and covenant relief for many companies for a period of up to six months. Many commercial landlords, under direction of the Government, have provided tenants with deferral and partial waiver of rents throughout the lockdown period.

Fortunately, the balance sheets and credit ratings of both Australia and New Zealand are strong with net debt to GDP ratios relatively low at around 19%. This compares with the rather staggering average ratio of 74% for other advanced economies.

As containment measures have proved to have lowered the spread of infection rates, the priority for the Australian and New Zealand Governments now is to support jobs, incomes and businesses, so that when the health crisis subsides, these countries are well placed to recover strongly.

CONTACT DETAILS

Vantage Private Equity Growth 3, LP

Level 50, 120 Collins Street

Melbourne, VIC 3000 Australia

Vantage Asset Management Pty Limited

Level 25, 88 Phillip Street

Sydney NSW 2000

Australia

Phone: +61 2 8211 0477

Fax: +61 2 8211 0555

Website: www.vpeg3.info

Email: info@vantageasset.com

Website: www.vantageasset.com