

	NTA
Unit Price - 30/04/2023	1.4127

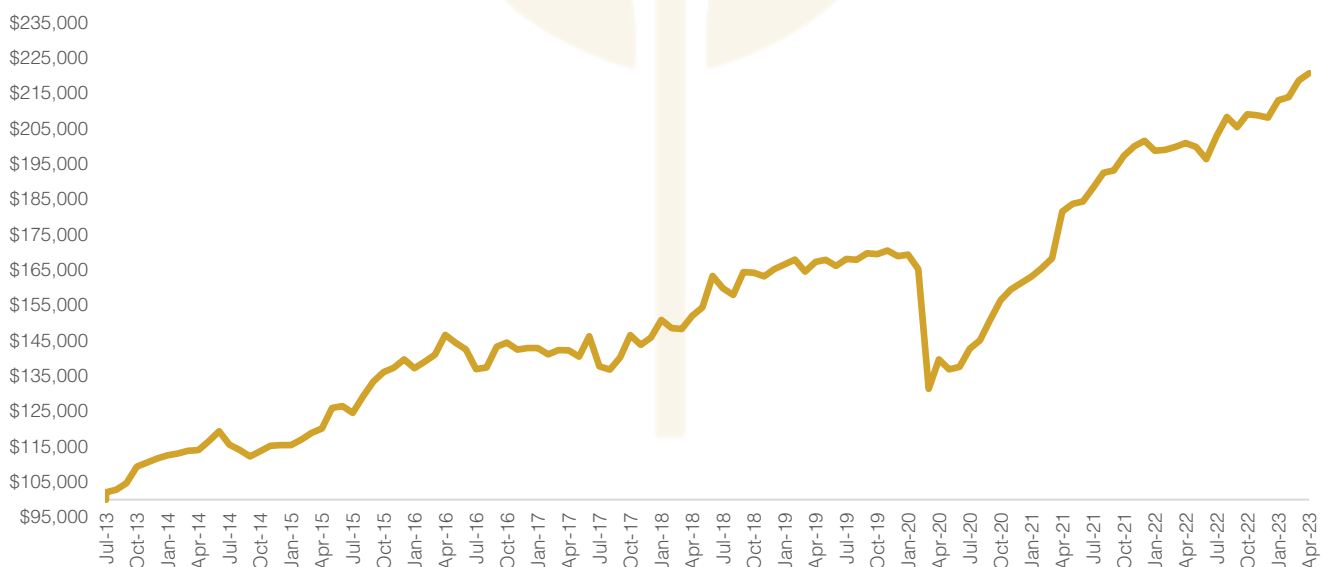
### Investment Returns (net of fees)\*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	120.70%	15.15%	105.55%
Trailing 5 year return p.a.	7.74%	1.00%	6.73%
Trailing 3 year return p.a.	16.47%	0.90%	15.57%
Trailing 12 month return	9.82%	2.41%	7.41%
Trailing 3 month return	3.59%	0.88%	2.70%
Trailing 1 month return	0.93%	0.30%	0.63%

\* Past performance is no indication of future performance. Investments may rise and fall in value and returns cannot be guaranteed. Returns are based on the mid-point of unit prices and are net of all fees and charges. Unless otherwise stated, all figures are in Australian dollars and include GST. Return calculations covering a period greater than 12 months are annualised and assume the reinvestment of distributions.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
FY14	2.10%	0.70%	1.78%	4.51%	1.02%	1.05%	0.80%	0.45%	0.73%	0.11%	2.20%	2.43%	19.34%
FY15	-3.18%	-1.26%	-1.61%	1.31%	1.35%	0.18%	-0.02%	1.36%	1.62%	1.05%	4.82%	0.45%	6.01%
FY16	-1.53%	3.67%	3.32%	2.01%	0.90%	1.71%	-1.78%	1.34%	1.45%	3.94%	-1.51%	-1.30%	12.65%
FY17	-3.91%	0.31%	4.33%	0.81%	-1.40%	0.34%	0.00%	-1.29%	0.91%	-0.06%	-1.26%	4.10%	2.63%
FY18	-5.84%	-0.66%	2.47%	4.56%	-1.90%	1.45%	3.41%	-1.52%	-0.16%	2.52%	1.52%	5.78%	11.65%
FY19	-2.13%	-1.16%	4.08%	-0.11%	-0.62%	1.27%	0.80%	0.81%	-2.01%	1.65%	0.34%	-1.03%	1.73%
FY20	1.23%	-0.17%	1.10%	-0.15%	0.61%	-0.94%	0.27%	-2.42%	-20.52%	6.37%	-2.02%	0.50%	-17.19%
FY21	3.75%	1.66%	4.06%	3.61%	1.94%	1.18%	1.10%	1.46%	1.73%	7.83%	1.23%	0.34%	34.04%
FY22	2.11%	2.27%	0.33%	2.13%	1.39%	0.76%	-1.40%	0.12%	0.42%	0.57%	-0.55%	-1.74%	6.50%
FY23	3.31%	2.69%	-1.38%	1.76%	-0.13%	-0.30%	2.36%	0.41%	2.21%	0.93%			12.39%

### Growth of \$100,000 Since Inception



## Manager Commentary

The portfolio continued its recent momentum to deliver a positive return in April in what was a pleasing result. It was a quieter month than March in terms of news flow however we continue to see interesting opportunities pop up, particularly in areas of the market that aren't well covered. Binding deals continue to track to expectation but the focus on the month has been caution with respect to anything preliminary.

Firstly, the contest in IntelliHR Limited (IHR.ASX) came to its conclusion with Humanforce emerging victor with its on market takeover bid at \$0.24. The Access Group gave it a last roll of the dice in early April to offer \$0.235, however Humanforce almost immediately went one better to \$0.24 and it was enough. An excellent outcome from the first bid at \$0.11 at the end of January, which itself was a 75% premium to the undisturbed.

Essential Metals (ESS.ASX) had several twists and turns in the lead up to the shareholder vote for the \$0.50 cash Scheme of Arrangement with TLEA. Mid month saw significant buying volume well through terms (as high as \$0.585) and 27% of the register changed hands in just four days. Usually, such activity would be a precursor to a counteroffer, however we took the opposite view and sold 90% of the position into the strength. The company has been in play for effectively twelve months and there was an extensive process run to maximise value prior to the TLEA deal being agreed. The urgency of only buying in the direct lead up to the vote suggested to us that this was likely a strategic blocking stake rather than a launchpad for a counter.

Mineral Resources (MIN.ASX), who have been quite active of late, soon emerged as the buyer with a 19.5% stake. It came as little surprise to us when they voted against the scheme, and TLEA walked. Mineral Resources have been accumulating land for exploration potential around their Mt Marion mine, and Essential is within trucking distance. However, the strategic stake confers optionality and with the TLEA deal broken, there is little urgency while Mineral Resources figures out how best to extract value from the resource. [Comments to the media](#) suggest as much. Shares closed out April at a lowly \$0.435 and we similarly retain a (very) small position for optionality.

We've often said that this strategy is just as much about knowing which deals not to be in (and when to reduce or get out entirely) as it is about picking the winners.

TPG Capital withdrew its non-binding, indicative offer for InvoCare Limited (IVC.ASX). While a pre bid purchase of 20% of the company at the offer bid price is always a strong show of intent, the tight spread was, in our view, far too optimistic on the chances of either the \$12.65 offer completing or in regard to InvoCare's negotiating leverage to draw out a sweetener. Holding firm on our entry price, what little we did pick up in March was later tipped back out when media reports surfaced that TPG Capital were still yet to sign a confidentiality deed weeks after a look at the books was first offered. Enough red flags for us, and best avoided until something firms.

An interesting month in all. Several new opportunities should keep us on our toes for the months ahead, which we look forward to reporting on in due course.

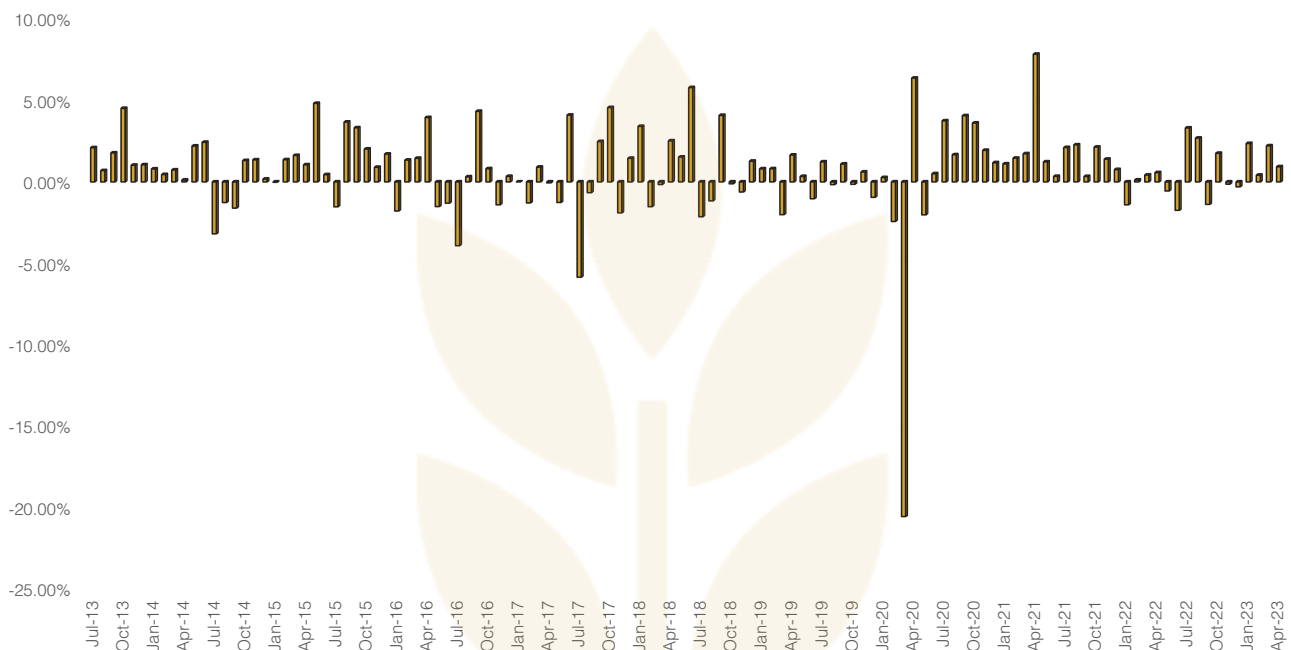
Kind Regards,

Luke Cummings and Ben Bailey

Chief Investment Officer and Portfolio Manager, respectively.

(on behalf of the team at Harvest Lane Asset Management)

### Monthly Returns History\*



### Fund Facts

Name	Absolute Return Fund
APIR	FHT0042AU
Structure	Retail daily priced unit trust
Inception	Monday 1 July 2013
Investment Objective	RBA Cash Rate + 6-8% (over 3 year period)
Manager Base Fee <sup>1</sup>	Capped at 1.25%
Manager Performance Fee <sup>2</sup>	25% (incl GST) of returns above RBA Cash
High Water Mark	Yes
Applications/Redemptions	Daily
Distributions	Annual
Responsible Entity	Equity Trustees Limited
Administrator	Apex Fund Services
Auditor	Ernst & Young
Custodian	J.P. Morgan Securities PLC

### Portfolio Analytics

Average Full Financial Year Return <sup>3</sup>	8.59%
Average Monthly Return (since inception)	0.72%
% Positive Months	68.64%
Best Positive Month	7.83%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	9.92%
Sortino Ratio	0.940
Sharpe Ratio	0.711
Correlation with ASX200 Accumulation Index	0.473
Beta	0.336
FY22 Distribution	Nil

<sup>1</sup> Harvest Lane Asset Management does not receive any part of the management fee. Instead this is paid to the Fund's service providers and to recover all expenses.

<sup>2</sup> Performance fee is charged when the Fund's performance exceeds its benchmark (RBA Cash Rate).

<sup>3</sup> Return is calculated as the average of all full financial years since inception (01/07/2013 - 30/06/2022) and does not include returns for the current year.

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## Harvest Lane Asset Management Overview

Harvest Lane Asset Management Absolute Return Fund (Fund) is a high conviction absolute return fund which aims to produce high absolute returns using a conservative yet nimble investment approach. The Fund has a strong focus on preservation of capital and its trades have almost no dependence on traditional asset class returns.

The Fund invests very selectively in stocks subject to special circumstances, which the manager believes have limited risk of capital loss and a skew towards positive returns. In practice, the Fund takes advantage of merger arbitrage opportunities and capital raisings in a highly selective manner – and only when its assessment is that these represent a strong return/risk trade-off.

Given its low correlation with other investments and a focus on absolute returns, the Fund may be used in conjunction with other investments as part of a defensive portfolio allocation. Alternatively, it can be used as a standalone lower risk alternative to growth investments.

Considering the Funds strategy identifies a large number of opportunities that include fully franked dividends, the Fund may also suit self managed superfunds and other low tax paying entities depending on their investment objectives.

The manager only charges a performance fee on returns above the RBA Cash Rate and in the event that the Fund underperforms its benchmark, Harvest Lane Asset Management receives no other payment from investors in the Fund. Management fees go to pay costs and service providers. The principals of the Fund, and their friends and family are also heavily invested in the Fund which further aligns the interests of its staff with that of its investors.

## Target Market Determination

The Fund's Target Market Determination is available [here](#). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

## Disclaimer

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