

	NTA
Unit Price - 31/08/2022	1.3335

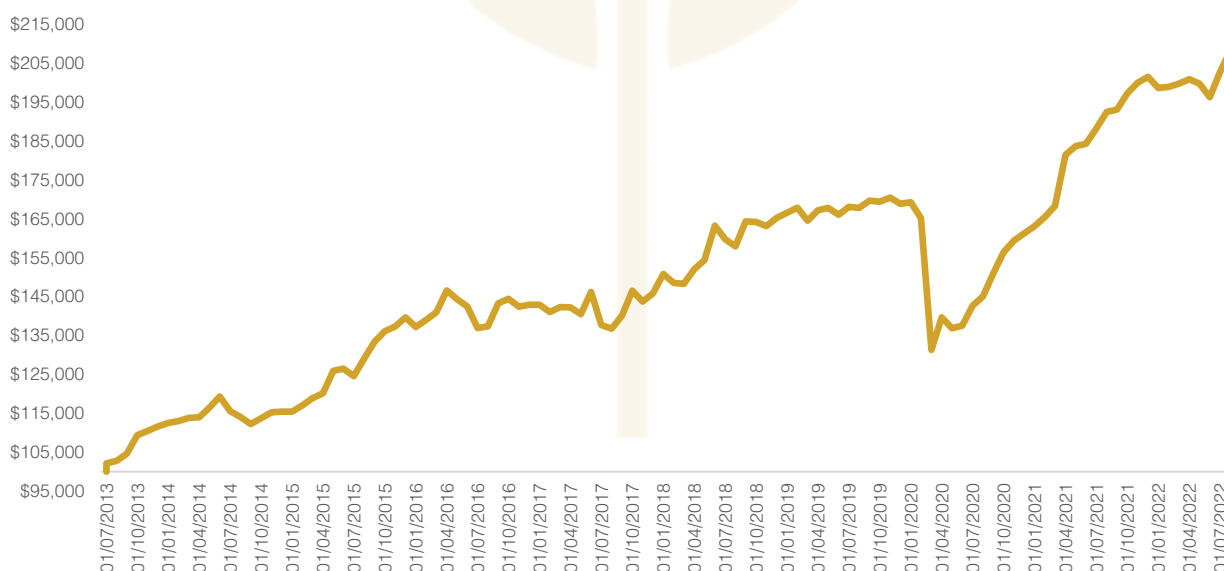
Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	108.33%	13.11%	95.22%
Trailing 5 year return p.a.	8.77%	0.80%	7.98%
Trailing 3 year return p.a.	7.46%	0.36%	7.10%
Trailing 12 month return	8.19%	0.43%	7.76%
Trailing 3 month return	4.24%	0.34%	3.90%
Trailing 1 month return	2.69%	0.15%	2.53%

* 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 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%											6.09%

Growth of \$100,000 Since Inception



Manager Commentary

August delivered a strong positive return with contributions made across the board. Very few positions went backwards with the strength of returns reflecting the unwavering progress of transactions on foot (and subsequent narrowing of the discount to terms) along with some favourable results in an at times volatile reporting season. As always, there were several positions with a larger contribution to the overall performance.

MACA Limited (MLD.ASX) began the month sitting on a cash bid from Thiess at \$1 per share limited in its conditionality. Fear over cost inflation within the industry appeared to overshoot the mark as peer earnings results filtered through to market, and the sector (with the exception of MACA) enjoyed a subsequent re-rate. NRW Holdings Limited (NRW.ASX) would take advantage of a storming share price to offer MACA a cash and scrip alternative valuing the company at \$1.085 per share. MACA rejected the proposal on the basis the offer was more conditional than Thiess' and the variability of the scrip component was less favourable despite the higher headline price.

It did, however, trigger a response from Thiess who agreed to lift the bid to \$1.075 in cash. It was enough to deter NRW from coming back with a higher offer and Thiess was put back in the box seat. The NRW share price has since continued to move upwards, increasing the mooted implied value of its cash and scrip offer. This is unfortunately of little consolation given the board's choice not to further engage with the company. Thiess' offer closes towards the end of September but, despite the increase in consideration offered, acceptances have been slow. It's never over until it's over.

US Masters Residential Property Fund (URF.ASX) also had a strong month on the back of their first half results being announced to market. Included was commentary about a potential joint venture with Brooksville to externalise the REIT management function. Importantly, the remuneration structure of the joint venture would be tied to performance fees based on returns delivered to URF unitholders rather than ongoing base fees. At a minimum, the performance fees are to be tied to retuning superior value above that contemplated under the scrapped portfolio sale entertained earlier in the year.

In addition, a larger amount than expected had been set aside for capital management initiatives, namely an aggressive buyback of units trading at less than half their NTA value. The positive developments in actively seeking to maximise unitholder value saw the share price respond accordingly. There's a bit of water to go under the bridge but the units continue to trade at a considerable discount to net assets.

August was a particularly busy month with a strong pipeline of deal flow announced to market. There's a good mix of binding transactions, non-binding transactions, and assets sales that will keep the opportunity set well stocked for the foreseeable future. With reporting season out of the way, fresh sets of financial statements, and a closing window to get a deal wrapped up before the December holiday season kicks in, it will come as no surprise to us should the elevated activity continue right through September.

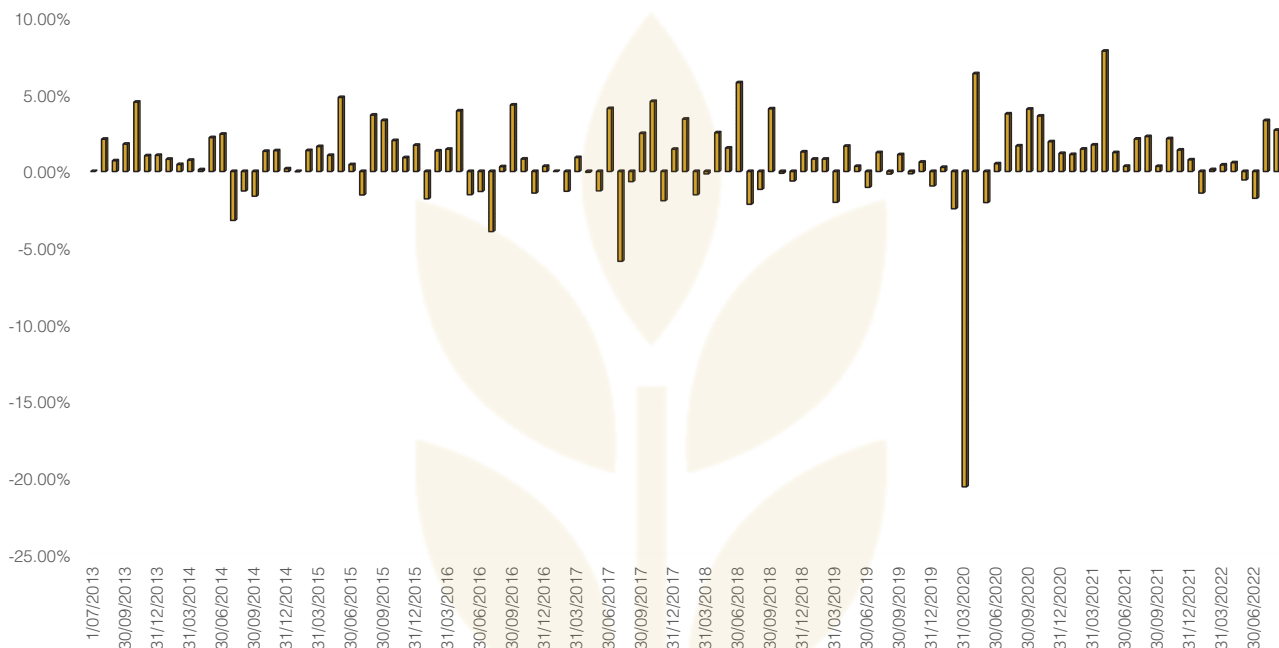
Kind Regards,

Luke Cummings

Chief Investment Officer and Managing Director

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

Monthly Returns History*



Fund Facts

Name	Absolute Return Fund
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 ¹	Capped at 1.25%
Manager Performance Fee ²	25% (incl GST) of returns above RBA Cash
High Water Mark	Yes
Applications/Redemptions	Daily
Distributions	Annual
Responsible Entity	Equity Trustees Limited
Administrator	Mainstream Fund Services
Auditor	Ernst & Young
Custodian	J.P. Morgan Securities PLC

Portfolio Analytics

Average Full Financial Year Return ³	8.59%
Average Monthly Return (since inception)	0.72%
% Positive Months	69.09%
Best Positive Month	7.83%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	10.21%
Sortino Ratio	1.020
Sharpe Ratio	0.768
Correlation with ASX200 Accumulation Index	0.477
Beta	0.353
FY22 Distribution	Nil

¹ 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.

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

³ 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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