

	NTA
Unit Price - 31/12/2022	1.3324

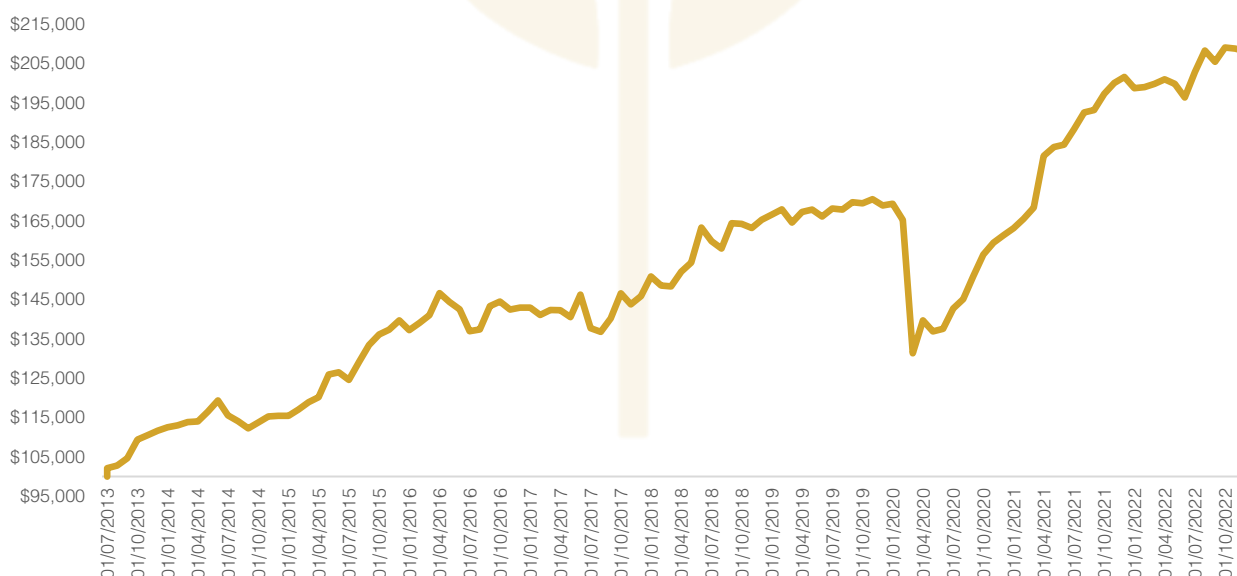
Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	108.16%	14.02%	94.14%
Trailing 5 year return p.a.	7.37%	0.88%	6.49%
Trailing 3 year return p.a.	7.22%	0.57%	6.64%
Trailing 12 month return	3.26%	1.31%	1.95%
Trailing 3 month return	1.32%	0.71%	0.60%
Trailing 1 month return	-0.30%	0.26%	-0.56%

* 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%	-1.38%	1.76%	-0.13%	-0.30%							6.00%

Growth of \$100,000 Since Inception



Manager Commentary

Contested situations and failed non-binding offers were the opposing themes of the month - the portfolio benefitted from revised offers from a handful of positions offset by several early stage transactions that failed to convert. We saw numerous opportunities present themselves to make for a busy month and put the portfolio on ideal footing heading into the new year.

It was the Onshore Perth Basin that grabbed all the headlines in December. In 2018 we saw AWE Limited (AWE.ASX) subject to takeover offers from three separate parties. The prize was a 50% interest in Waitsia, one of the largest onshore gas discoveries made in Western Australia at the time, with the company ultimately acquired by Mitsui. Beach Energy (BPT.ASX) acquired the other non-operated 50% interest in Waitsia through the acquisition of Lattice Energy around the same time.

Fast forward five years and we are seeing history repeat itself. Warrego Energy Limited (WGO.ASX), owner of a non-operated 50% interest in the West Erregulla discovery, originally disclosed a non-binding offer back in November from its joint venture partner, Strike Energy Limited (STX.ASX), in a contemplated scrip deal. Just one day later, Beach Energy submitted a non-binding \$0.20 cash offer that took only a weekend to firm up, and saw Warrego enter binding documentation.

From there, November ended somewhat humorously - while Warrego directors were hosting a conference call justifying their decision to endorse the Beach offer over Strike's, Hancock Energy lobbed a bid at \$0.23 per share. December then saw Beach revise to \$0.25, Hancock counter to \$0.28, Beach subsequently withdrawing from the contest, and Strike return with a 1:1 scrip offer at an implied \$0.335 value. Busy month indeed.

Neighbouring West Erregulla in the basin's northeast is the Lockyer Deep discovery, 80% owned and operated by Mineral Resources (MIN.ASX). The minority 20% interest is held by Norwest Energy NL (NWE.ASX), who found themselves on the receiving end of an offer from Mineral Resources looking to consolidate ownership of the asset. With minimal conditions, Norwest Energy has been trading slightly through terms. The market evidently expects Mineral Resources will need to sweeten their offer to get it across the line, perhaps justifiably so given the activity next door at Warrego has thrown a spotlight on valuation.

Elsewhere, the contest for Nitro Software Limited (NTO.ASX) continued. Potentia increased their offer to \$2.00 per share to match Alludo and requested access to due diligence to be able to potentially offer a higher price. Alludo wasted no time increasing to \$2.15, conditional on due diligence being denied to Potentia (and agreed to by Nitro). There are still several months before any transaction completes, and with both bidders taking each other to the Takeovers Panel in early January, the indication is that there's more to play out.

Mayfield Childcare Limited (MFD.AX) announced receipt of an offer (amongst others) from its largest shareholder, Genius Education, having only just finalised the integration of certain Genius Education centres it purchased in 2021. It seemed a somewhat opportunistic offer at the time - the relative share price weakness is largely a result of the vended in Genius Education centres failing to fire and miss earnout targets, while the existing Mayfield assets showed strong growth and profitability. It caught attention of Busy Bees Early Learning (acquirer of the contested Think Childcare (TNK.ASX) back in 2021) who came in with a higher \$1.35 per share approach. Both Genius and Busy Bees have signed confidentiality agreements while we wait for an approach to firm up.

Not every transaction went the right way, however. After months of negotiations, Genex were unable to get a Skip Capital consortium over the line at \$0.25 per share and discussions were ultimately ceased. Similarly, Readytech Holdings (RDY.ASX) saw Pacific Equity Partners withdraw its \$4.50 proposal. Both positions had a smaller weighing relative to the risks in the respective transactions but were not without their detractors from this month's performance.

Tyro Payments Limited (TYR.ASX) also announced it has ceased all change of control discussions. Potentia Capital tried their luck with a \$1.27 indicative offer back in September that was immediately rejected, with Westpac confirming a month later it was also in discussions, albeit without a disclosed price tag. December saw Westpac withdraw, and Tyro knock back an improved \$1.60 offer from Potentia. Despite the board's protestations that \$1.60 significantly

Manager Commentary Continued

undervalues the company, shares fell to below \$1.20 and have since wallowed well below Potentia's offer price. Not a great month for non-binding deals.

Finally, both Proptech Group Limited (PTG.ASX) and iSelect Limited (ISU.ASX) saw the competition regulator waive through the respective deals. Both enjoyed a subsequent re-rate on a de-risking event. In iSelect's case, it was one of the last remaining hurdles to clear before the transaction completed late in the month, and while there's still some water to go under the bridge before Proptech is due to complete in February, the largest risk to the transaction is now in the rear view mirror.

We hope investors have had a fantastic festive period and look forward to providing further updates in the year ahead.

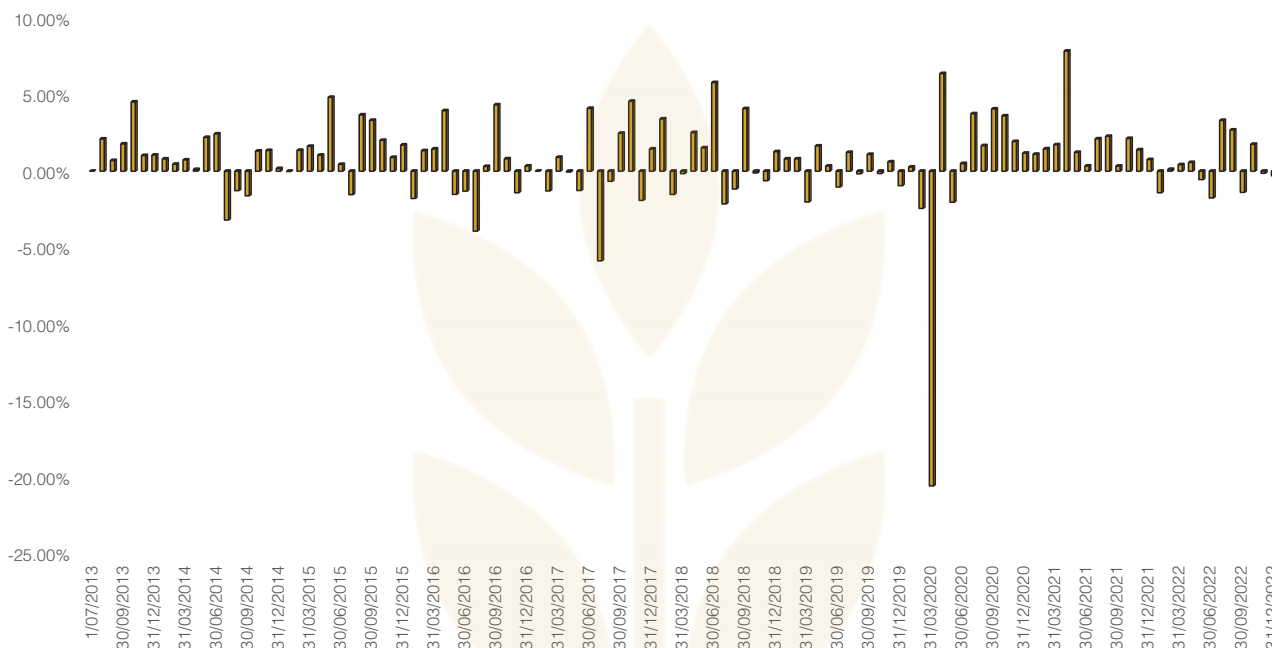
Kind Regards,

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	Apex 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)	0.69%
% Positive Months	67.54%
Best Positive Month	7.83%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	10.06%
Sortino Ratio	0.990
Sharpe Ratio	0.748
Correlation with ASX200 Accumulation Index	0.473
Beta	0.339
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.

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