Absolute Return Fund
February 2022 Update

	NTA
Unit Price - 28/02/2022	1.2737

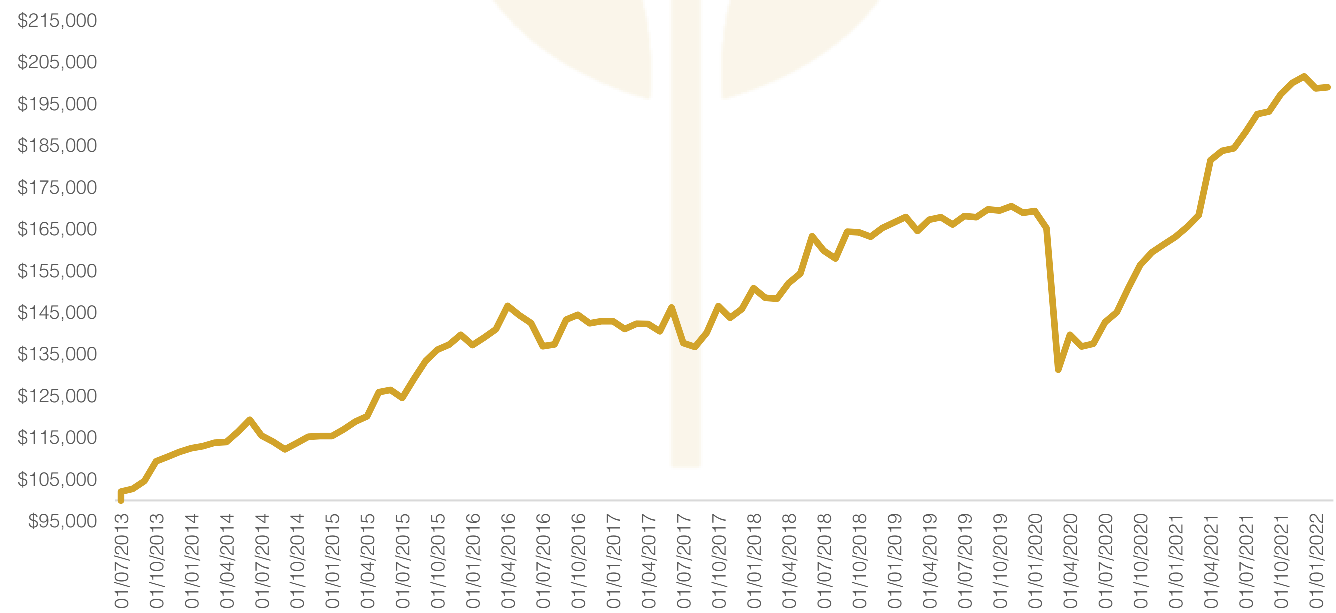
Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	98.99%	12.72%	86.26%
Trailing 5 year return p.a.	7.12%	0.87%	6.25%
Trailing 3 year return p.a.	5.82%	0.45%	5.37%
Trailing 12 month return	20.24%	0.10%	20.14%
Trailing 3 month return	-0.54%	0.03%	-0.56%
Trailing 1 month return	0.12%	0.01%	0.11%

* 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%					7.92%

Growth of $100,000 Since Inception



Manager Commentary

February saw a steady return for the portfolio with contributions to performance broad based and in line with expectations. February is usually quite busy with reporting season and there is typically a brief pause in deal activity while recent financial results are delivered to the market, at least at the larger end. We were still encouraged by deal flow throughout the month with plenty of opportunity in the smaller resources space, the very public approach for AGL Energy (AGL.ASX, allegedly since withdrawn), and a good old fashioned private equity shootout for Virtus Health Limited (VRT.ASX).

The current Russian invasion of Ukraine needs no introduction, but we thought it worth discussing in the context of the existing portfolio positions and the broader strategy. As we noted with the emergence of the Omicron COVID strain towards the end of 2021, binding agreements have specific carve outs in the Material Adverse Change (MAC) clauses. These broader macroeconomic factors are typically excluded with respect to the specifics on each individual deal. Acts of War are no different and are specific exclusions listed under the MACs. We have lower exposure to non-binding deals or positions that may be considered “pre-event” or “soft catalyst” and these are routinely monitored to ensure their position in the portfolio can be justified.

Sunland Group continues to progress their wind down strategy effectively and efficiently, producing another set of results confirming everything remains on track in returning net asset value to shareholders. When we originally established the position back in October 2020 we were, in hindsight, too conservative in our estimates of terminal value – not a bad problem to have. There are only a handful of projects still under development due for completion and settlement in the near term. All senior debt is expected to have been retired by June 30, and project specific debt by October, paving the way for some large fully franked special dividends thereafter.

Humm Group Limited finalised a binding agreement with Latitude Group Holdings (LFS.ASX) to sell its consumer business for cash and scrip consideration, with proceeds distributed in full to HUM shareholders via a dividend and in specie distribution of LFS shares. Left behind is a fast growing commercial division and a significant unrestricted cash balance. The cash will go first to redeeming a perpetual note and satisfying a historical provision, with a healthy balance retained either for further investment in the commercial business or additional capital management initiatives. There is media speculation that Cerebrus Capital and Scottish Pacific are sniffing around the commercial business which would make Humm a classic breakup/sum of the parts play. Either way, we feel the market is not accurately pricing the value of the residual business correctly (assuming LSF scrip under the commercial division sale retains its value). The release of documents detailing the transaction and what remains will be released in the coming months and will likely fill in some of the information the market is currently missing.

In the contest for Virtus Health, we exited January with underbidder BGH having lodged an application to the Takeovers Panel over certain exclusivity provisions in the CapVest agreement that (unreasonably) restricted access to the data room. The Takeovers Panel ultimately found in BGH’s favour with certain amendments and disclosures required between Virtus and CapVest. It also cleared the way for BGH to revise their offer to $7.65 from $7.10 and put it ahead of CapVest at $7.60. CapVest hit back the very next day, revising their offer to $7.80 (or $7.70 under an alternate transaction where BGH use their 20% stake to block the CapVest scheme). Both bids are as yet non-binding, however CapVest indicated due diligence was progressing well and could be ready to sign a binding agreement as early as March 11. Your move, BGH.

Finally, we saw the release of the scheme booklet for Wesfarmers’ proposal to buy Australian Pharmaceutical Industries Limited (API.ASX). The Independent Expert Report found Wesfarmers’ offer of $1.55 to be within their valuation range of $1.48 - $1.78, and thus rubber stamped the deal from a valuation perspective. We do not agree on that valuation and have been quite public in our protestations[1] as to why Wesfarmers should pay more for the business, particularly in light of two higher offers from other parties that failed to eventuate in large part due to Wesfarmers’ blocking stake. We aren’t the only shareholders to voice the same opinion publicly, and numerous others have reached out to us privately.

The bottom line is that it is incumbent on bidders to make an offer compelling enough for shareholders to accept. With no disrespect intended, Grant Thornton have used overly conservative, even punitive, assumptions in their valuation

Manager Commentary Continued

and proxy advisor reports are more concerned with governance matters than valuation (defer to the expert!). Ultimately, it's not their skin in the game.

Wesfarmers may have used their 19.3% stake deftly throughout the auction process, but they cannot vote it at the scheme meeting in mid March. It's up to the other 80.3% of the register to determine if it's enough.

Kind Regards,

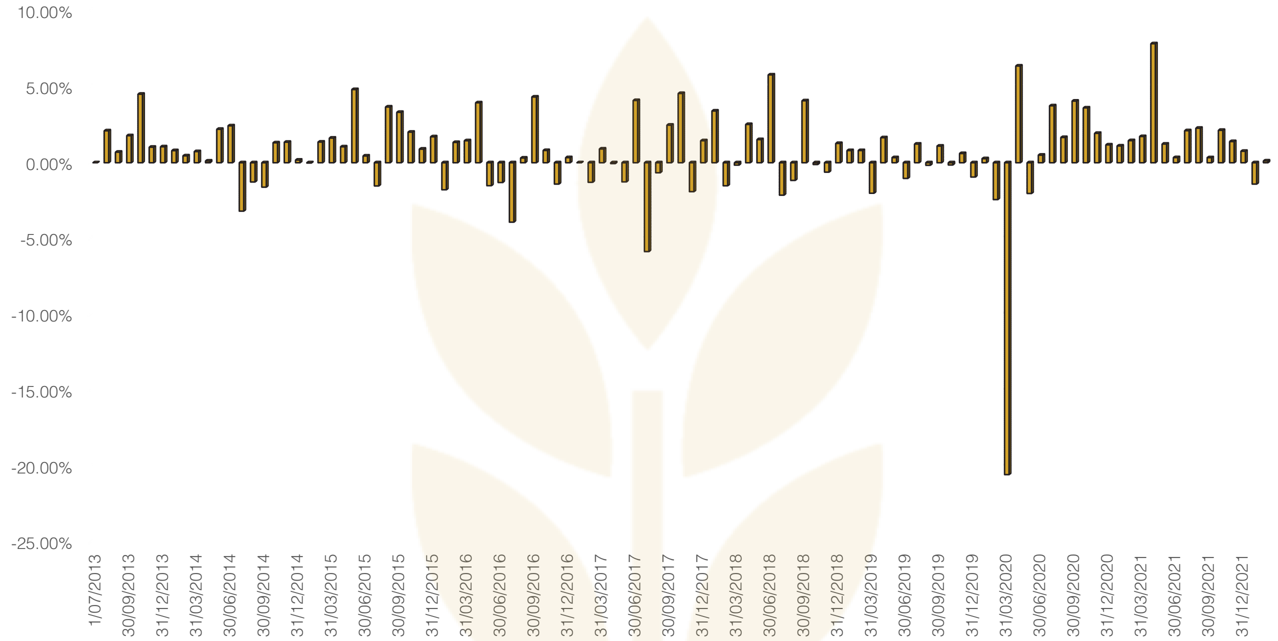
Luke Cummings

Chief Investment Officer and Managing Director

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

[1] Why Wesfarmers should lift its offer for API
API shareholders in eleventh hour push for a higher bid

Monthly Returns History*



Fund Facts

Name	Absolute Return Fund
Structure	Retail daily priced unit trust
Inception	Monday 1 July 2013
Investment Objective	10% p.a (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]	8.86%
Average Monthly Return (since inception)	0.71%
% Positive Months	69.23%
Best Positive Month	7.83%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	10.40%
Sortino Ratio	0.990
Sharpe Ratio	0.749
Correlation with ASX200 Accumulation Index	0.473
Beta	0.365
FY21 Distribution	0.00037

[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 - 30/06/2021) 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