Absolute Return Fund
June 2022 Update

	NTA
Unit Price - 30/06/2022	1.2570

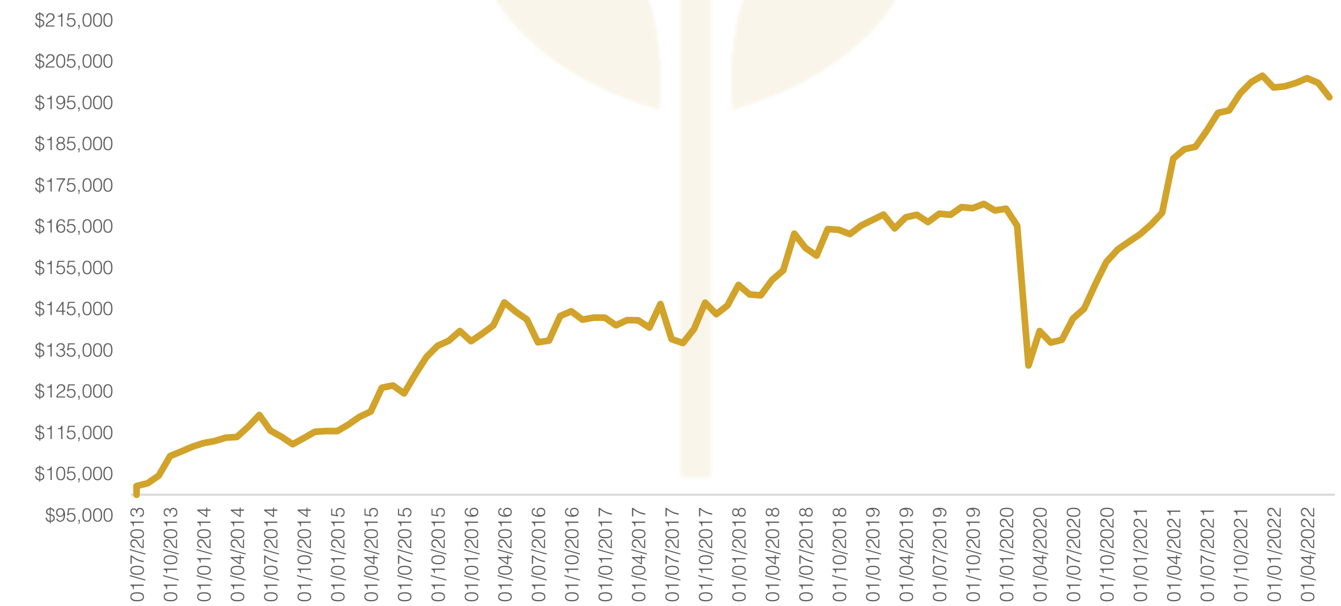
Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	96.38%	12.84%	83.54%
Trailing 5 year return p.a.	6.07%	0.79%	5.28%
Trailing 3 year return p.a.	5.74%	0.33%	5.41%
Trailing 12 month return	6.50%	0.18%	6.32%
Trailing 3 month return	-1.73%	0.11%	-1.84%
Trailing 1 month return	-1.74%	0.07%	-1.81%

* 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%

Growth of $100,000 Since Inception



Manager Commentary

We're a bit like kids in a candy shop at the moment. There's no shortage of opportunities for us in the current environment and our biggest issue is finding enough spare cash to make the most of it. The market turbulence may be having some impact towards the larger end of the market but in the small to middle end where we typically find the best opportunities (and where few others look) it's still coming thick and fast. KKR's $20b, non-binding proposal to acquire Ramsay Health (RHC.ASX) looks a little different in light of less favourable debt pricing and cap rate expansion, but a $120m agreed deal for Paygroup Limited (PYG.ASX) announced late in the month came in at a whopping 174% premium to the prior close.

The opportunities extend beyond outright takeovers and schemes of arrangement. There are rich pickings in proposed asset sales and distribution of proceeds for a significant portion of a company's current equity value (and in some instances, in excess of). We've seen buyback tenders offering a 100% liquidity event for those electing to take it up. Opportunity abounds.

We were pleased to see the portfolio hold up as well as it did against a backdrop of market turbulence, both in respect to June returns and so too, the full financial year. The defensive characteristics of the strategy should allow for significant relative outperformance in such circumstances and that has thus far been the case during the current period of market drawdown.

The portfolio delivered a positive return of 6.50% return for FY22 compared to a loss of 6.46% for the ASX200 Accumulation Index. Of the 12.96% outperformance for the financial year, well over half came in June alone while the market was exhibiting significant volatility and weakness.

The main movers in the portfolio were Resapp Health (RAP.ASX) and Humm Group (HUM.ASX), and unfortunately moved in opposite directions to largely cancel each other out. Having agreed a deal with Pfizer at $0.115 per share, a draft independent expert report commissioned by Resapp came back with a determination we don't see too often; Pfizer's offer undervalued the company and was thus neither fair nor reasonable. After a prolonged suspension from trade, the parties agreed a revised offer at $0.146 per share, in line with the bottom end of the independent expert's valuation range. The offer would be further increased to $0.207 should Resapp's COVID screening test study results be replicated by an independent third party. Sadly, the results of the confirmation study could not be reproduced and so the consideration remains at $0.146. In hindsight, we would have loved to take more risk off the table above $0.146 when we had the chance, but a 27% improvement to the original terms is still something we would take every day of the week.

Humm Group was the highly publicised detractor for this month. The proposed sale of the consumer finance division to Latitude Financial had the support of all directors except the Chairman. Both sides were permitted to publicly make their case for and against the transaction and we were in dialogue with all parties throughout the process. A key point stressed to us for the argument in favour was that the deal was negotiated specifically to exclude a material adverse change clause - Latitude could not walk away due to adverse market conditions or a deterioration in the business. The majority directors laboured the point in an extraordinary move by updating the market on the unprofitability of the division in the first four months of the year. The message was simple - the business is unprofitable, but the bidder can't just walk so take the offer.

It is then inexplicable to us that the deal was subsequently terminated a week before shareholders were set to vote "in light of the current major disruption to financial markets". We heard vague justification arguments that the fall in Latitude share price saw the consideration drop below the independent expert's valuation range, but that the valuation range modelled out a run rate earnings of $25m (a far cry from the current unprofitability) conveniently went unmentioned. The majority directors rightly fell on their swords before the month was out but it's little consolation with respect to the damage done.

It's less often spoken about but a proactive approach to portfolio management and position sizing is critical to the success of the strategy. The position was never a full sized one on the basis we could never get entirely comfortable with the vote risk. Despite the unprecedented outcome of the target board themselves terminating what was an otherwise

Manager Commentary Continued

iron clad sale, it's pleasing to see our approach mitigate the damage that might otherwise have been a little more meaningful.

HRL Holdings Limited (HRL.ASX) is a great example of continued deal flow resilience at the smaller end of the market. Late in the month, HRL was forced to confirm media reports that it had been sitting on an all cash offer from ALS Limited at $0.16 per share while ALS worked its way through due diligence. Initially confirmed as non binding, the market saw fit to apply a healthy discount to terms until something binding was tabled. We saw a credible buyer persevering through the first three weeks in the data room without getting cold feet and established an initial position.

The next day, ALS acquired 20% of the shares on issue (a move that had us increase our exposure) and followed it up a day later with an unconditional off market offer for the rest of the company. The speed with which ALS moved to secure control of, along with the unconditional transaction structure and acquisition of a pre-bid stake, had all the hallmarks of a situation that may quickly turn competitive. Sadly, a top heavy register was sympathetic to the offer and any potential contest was over before it even began - ALS had secured a controlling stake on market less than 48 hours after the offer was first announced. Even more impressive to do so before the offer was even formally opened for acceptance. Onto the next one.

Finally, we have positions in several companies that have sold their main undertakings and proposing to distribute a significant portion, if not all, of cash proceeds back to shareholders. Prospect Resources (PSC.ASX), Ardent Leisure Group (ALG.ASX), and Cardno Limited (CDD.ASX) are but a few examples. Each company retains assets and provides significant optionality post distribution of proceeds. We have been able to establish positions close to if not below cash backing with minimal to negative enterprise value attributed, where true price discovery for the residual assets/operations has historically occurred only once the cash has been paid out.

Should history repeat, we'll be off to a promising start to the new financial year.

Kind Regards,

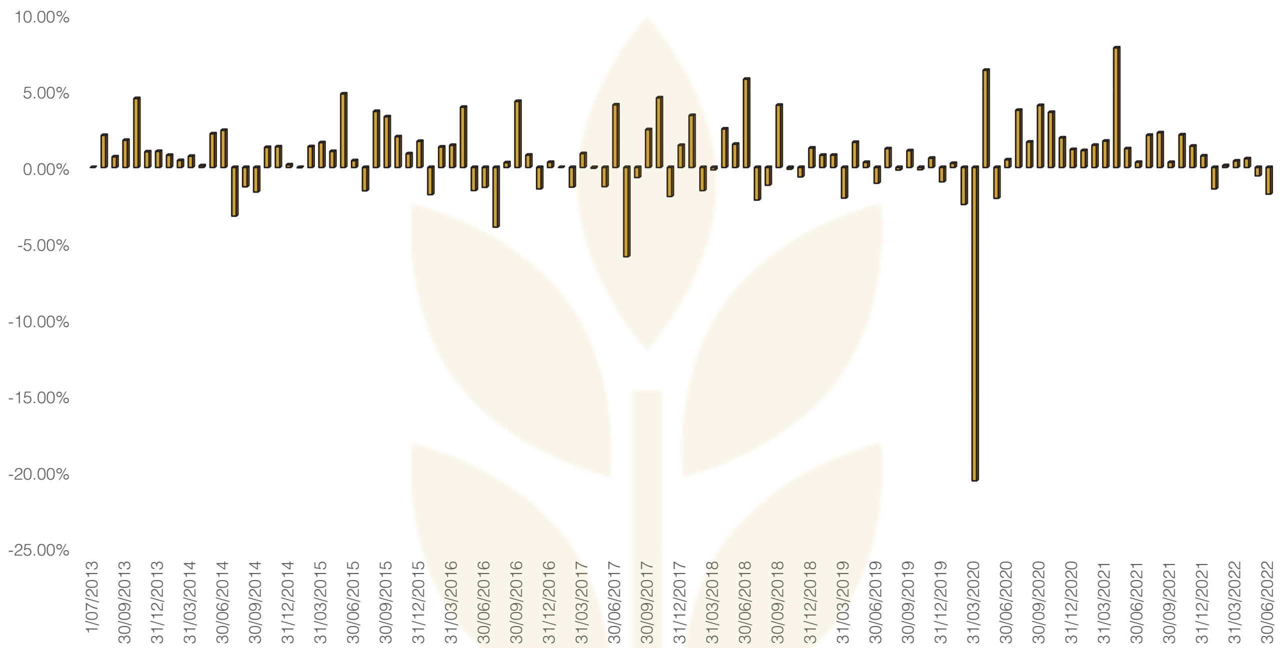
Luke Cummings

Chief Investment Officer and Managing Director

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

Absolute Return Fund
June 2022 Update

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)	0.67%
% Positive Months	68.52%
Best Positive Month	7.83%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	10.24%
Sortino Ratio	0.940
Sharpe Ratio	0.715
Correlation with ASX200 Accumulation Index	0.472
Beta	0.350
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 - 30/06/2022) and does not include returns for the current year.
* 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.

Absolute Return Fund
June 2022 Update

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