Absolute Return Fund
November 2021 Update

	NTA
Unit Price - 30/11/2021	1.2806

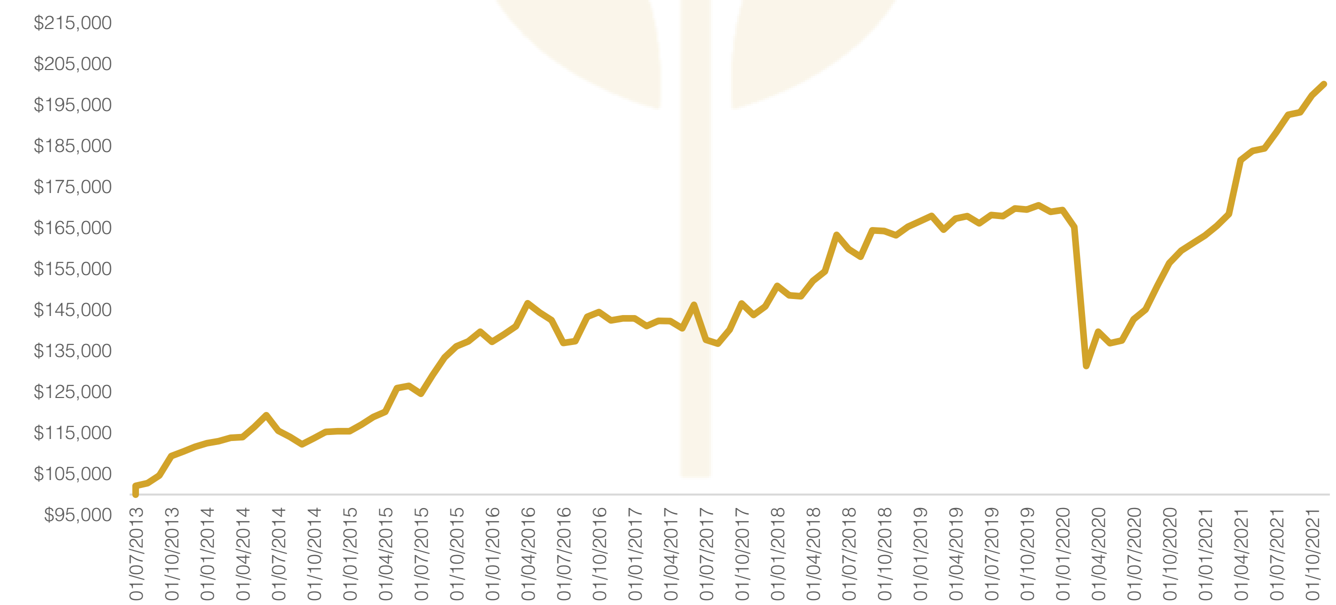
Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	100.06%	12.70%	87.36%
Trailing 5 year return p.a.	7.03%	0.94%	6.09%
Trailing 3 year return p.a.	7.02%	0.56%	6.46%
Trailing 12 month return	25.47%	0.10%	25.37%
Trailing 3 month return	3.90%	0.03%	3.88%
Trailing 1 month return	1.39%	0.01%	1.39%

* 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%								8.50%

Growth of $100,000 Since Inception



Manager Commentary

November began by continuing the deal momentum observed in October before calming down somewhat in the latter half of the month. The slight easing in newly announced deals in not unexpected as we head into the holiday period, although it had no impact on the portfolio delivering another positive return to be well placed into the year end.

We are expecting several deals to close in the first few weeks of December in a race to complete ahead of the Christmas break. There are several opportunities within the portfolio already for which we have earmarked some of the returning funds, but with enough dry powder to capitalise on any deal flow in the new year. There are still quite a handful of non-binding transactions in play which to date have limited exposure in the portfolio (we much prefer binding transactions for obvious reasons!), but we do expect some of these to firm in time.

One major talking point in the last few days of the month was the likely impact the Omicron strain of Coronavirus will have on markets. Specific to our strategy, it's too early to know what impact it may have, if any, on future deal flow, but we have taken the time to understand the potential implications on the existing portfolio using the benefit of the prior experience of 1H2020. Evidently, it hasn't been just us that has learned from those experiences, as we are now seeing binding transactions including specific carve outs for the impacts of COVID in the Material Adverse Change (MAC) clauses becoming far more common. The clauses have been somewhat of a silver lining from the fallout of last year. Bidders have less freedom now to walk from legally binding obligations and the insertion of more carve outs in these agreements wrests some of the balance of power back to target companies and their boards.

Naturally, we spent time trawling through each respective agreement analysing the specific circumstances a bidder may walk, what triggers a break, and whatever else required to have confidence our weightings were, and continue to be, adequate. Consideration was given to anything non-binding, or where MACs were arbitrarily defined, although the current portfolio generally showed much better resilience against this sort of tail risk than it did just over eighteen months ago. As much as we would like to have avoided that drawdown at the time, it has resulted in a strengthened regulatory and legal framework for us to operate in.

On to the portfolio performance, and it was a relatively broad based contribution to November's positive return. We discussed our holding in Apollo Consolidated Limited (AOP.ASX) in last month's letter, and while the final result wasn't as high as we thought it might go, the position was a meaningful contributor. Spark Infrastructure Group (SKI.ASX) had traded sideways since their agreed deal with a consortium led by KKR while it awaited FIRB approval. The approval took longer to come than expected despite the bidding entities being well know domestically, and when the approval was finally received the meaningful discount to terms unwound.

Cash is typically king in takeovers but almost half the opportunities we are monitoring are for scrip consideration. There's likely both an element of corporate buyers using elevated valuations as currency and also recognition of a simpler way of adding scale without a significant cash outlay. It's typically been a good hunting ground for us where we can hedge our exposure, particularly in the smaller sized transactions where spreads are a little wider.

However, scrip consideration can add an additional layer of risk to a transaction. Capitalising on a surging share price cheapens an acquisition but it works both ways; any subsequent decline can erode the implied premium and leave the transaction vulnerable. Square's bid for Afterpay Ltd (APT.ASX) is a good example. Enough heat has come out of Square's share price since the merger was first announced such that Afterpay now trades below it undisturbed price. The implied premium has become a discount. It is not a held position in the portfolio, and nor has it been given the additional complexity in reducing the market risk of the transaction, and while on balance it's still likely to complete, you'd be forgiven for thinking the marginal voter might prefer to shun the discount and go it alone.

To offset some of this risk, some optionality might be offered up by the bidder. Spinning out non core assets, as is the case in Swick Mining Services Ltd's (SWK.ASX) demerger of Orexplore, offer tangible value on top of the scrip consideration. Mix and Match facilities for a cash and scrip bid, such as Aussie Broadband's offer for Over the Wire Holdings Ltd (OTW.ASX) or the Hostplus and Charter Hall acquisition of Ale Property Group (LEP.ASX), retain inherent flexibility for target shareholders and something we look to take advantage of. Elections typically don't have to be made

Manager Commentary Continued

until closer to when the transaction completes (reducing the market risk), and positions can be adjusted throughout the life of the trade accordingly.

We head into December with strong conditions for the strategy and every indications that M&A activity will continue at pace well into 2022. In closing, we'd like to wish everyone safe and happy holiday season. We are excited for what the next twelve months will bring and look forward to providing updates in the new year.

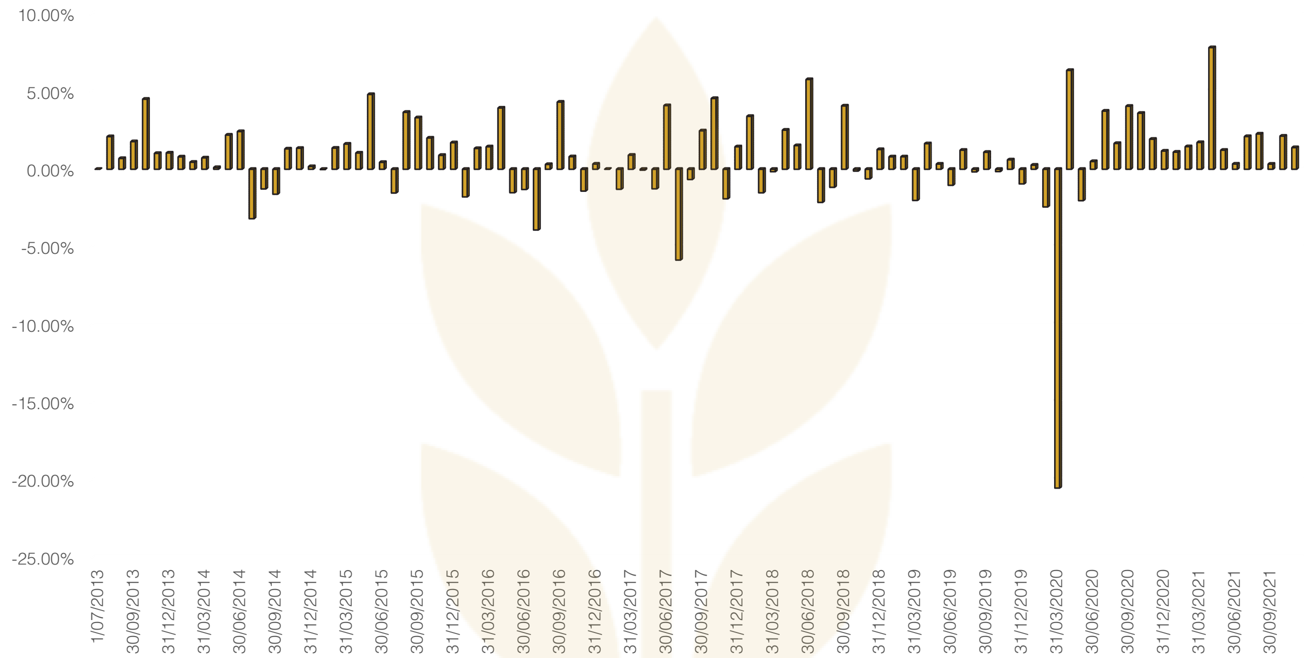
Kind Regards,

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	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)	0.74%
% Positive Months	69.31%
Best Positive Month	7.83%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	10.52%
Sortino Ratio	1.020
Sharpe Ratio	0.770
Correlation with ASX200 Accumulation Index	0.471
Beta	0.370
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