

	NTA
Unit Price - 31/10/2022	1.3382

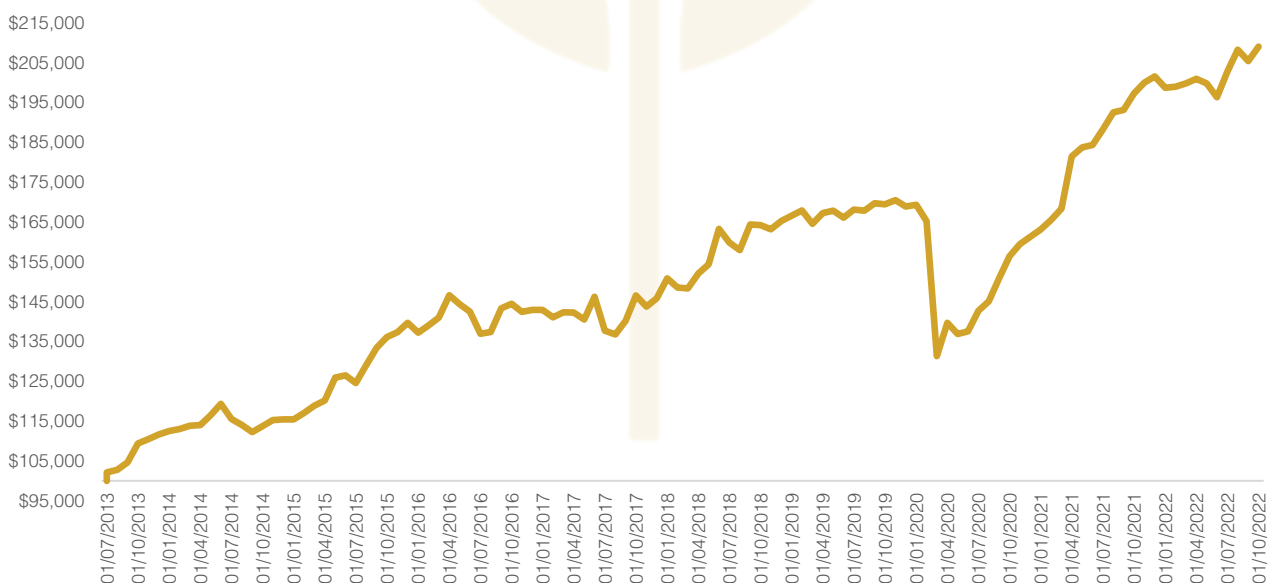
Investment Returns (net of fees)\*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	109.06%	13.52%	95.54%
Trailing 5 year return p.a.	7.36%	0.83%	6.53%
Trailing 3 year return p.a.	7.25%	0.45%	6.80%
Trailing 12 month return	5.95%	0.83%	5.12%
Trailing 3 month return	3.05%	0.57%	2.48%
Trailing 1 month return	1.76%	0.22%	1.54%

\* 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%									6.46%

Growth of \$100,000 Since Inception



## Manager Commentary

An otherwise quiet October finished with a flourish as a handful of deals hit the wires late in the month. The ASX tech sector trading well below the highs of last year has found itself squarely in the firing line with a competitive situation in Nitro Software (NTO.ASX), and bids elsewhere in Elmo Software (ELO.ASX), Proptech Group (PTG.ASX), Pushpay Holdings (PPH.ASX), and Readytech Holdings (RDY.ASX). There certainly seems to be continued appetite for deals as we near the end of the year.

The portfolio benefitted from broad based contributions and the current deal opportunity set continued to track to expectations. Pleasingly, most of the transactions announced during the month were either binding from the outset or firmed up offers that began as non-binding - it's certainly something we love to see. Of note was that many potential acquirers were financial buyers as opposed to strategic. Ever the opportunists, it suggests to us that valuation multiples aren't stretched and there is opportunity for strategic buyers naturally able to extract more value to take interest and turn situations competitive.

It's exactly what we saw in Nitro Software off the back of Potentia's unsolicited \$1.58 per share cash offer back in August, making it one of the larger contributors to this month's performance. Despite the offer being rejected at the time, Potentia were aggressive in securing a pre-bid stake to indicate that while the offer was non-binding, the intent was serious. Nitro, however, were free to run a process and solicit a higher offer should one be forthcoming. Following confirmation of media reports that Nitro had received interest from several third parties, Potentia sought to get themselves back in front and increased their offer to \$1.80. The offer was far less conditional, only requiring a board recommendation and no prescribed occurrences. Nitro, however, would quickly reject the revised offer and flag it had instead received a \$2 per share proposal from Alludo. In a throwback to the BGH/Capvest battle for Virtus Health (VRT.ASX) earlier in the year, the offer contemplated an alternative structure to circumvent Potentia's pre-bid blocking stake. All eyes are now back on Potentia to see if they once again move to put themselves in pole position.

A similar story played out in Tyro Payments (TYR.ASX) where Potentia again found a board unreceptive to their approach. Tyro rejected Potentia's \$1.27 per share offer back in September, and later disclosed in October that it was in discussions with Westpac regarding a transaction. The discussions are at an early stage and the risk of competition regulator intervention is not zero - indeed, media reports suggest NAB had also considered a bid but subsequently reconsidered due to potential competition concerns. Add in that Potentia's offer remains non-binding, and we saw fit to lighten the position into strength late in the month.

Apollo Tourism & Leisure (ATL.ASX) was yet again another strong performer. Having risen 27% in September after competition regulators greenlit the merger with Tourism Holdings (THL.NZX), shares gained a further 43% in October. THL first upgraded FY23 earnings guidance, increasing both its own share price and the look-through value for Apollo. It was then Apollo's turn to also guide to a result that evidently surprised the market to the upside. Both simultaneously flagged that estimated synergies from the merger would be higher than first expected, and the result was well earned rerate of both companies' share prices to our benefit as we scaled into a fully hedged position.

Finally, activity has continued into November and a handful of recent completions means we are well positioned to take advantage. The number of binding deals in the opportunity set is great news, and an opportunity we will certainly look to make the most of in the coming months. We look forward to providing further updates in due course.

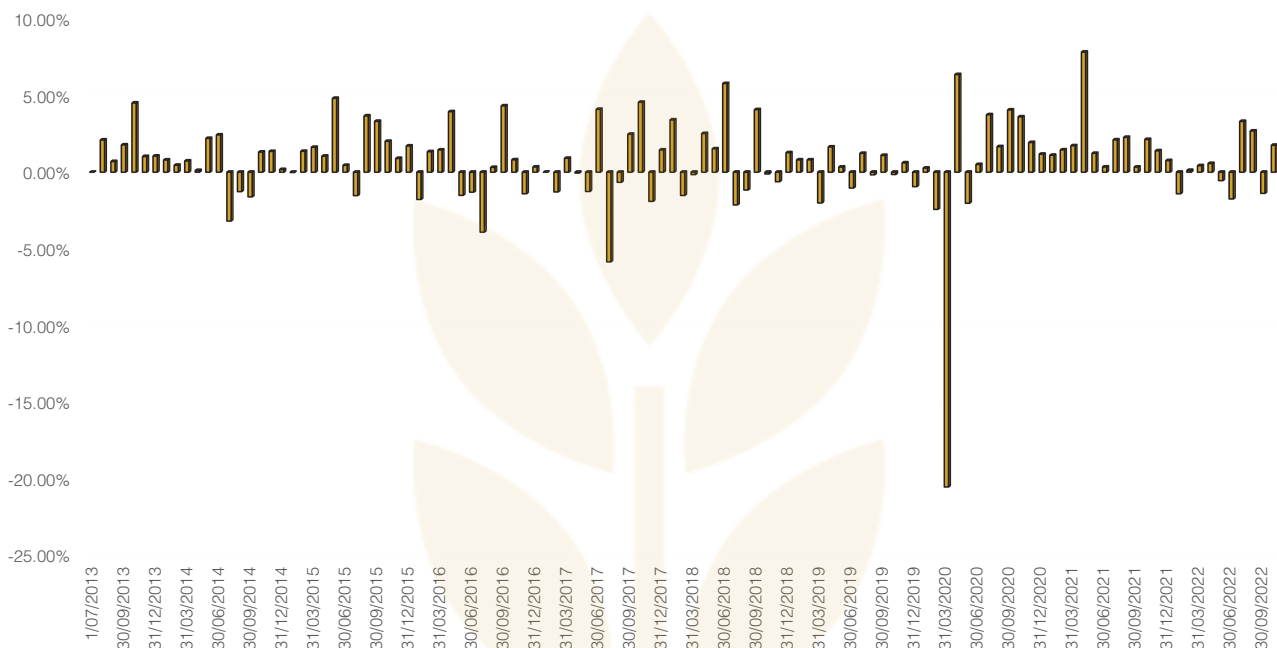
Kind Regards,

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 <sup>1</sup>	Capped at 1.25%
Manager Performance Fee <sup>2</sup>	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 <sup>3</sup>	8.59%
Average Monthly Return (since inception)	0.71%
% Positive Months	68.75%
Best Positive Month	7.83%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	10.14%
Sortino Ratio	1.010
Sharpe Ratio	0.761
Correlation with ASX200 Accumulation Index	0.480
Beta	0.349
FY22 Distribution	Nil

<sup>1</sup> 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.

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

<sup>3</sup> 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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