

	NTA
Unit Price - 30/09/2022	1.3151

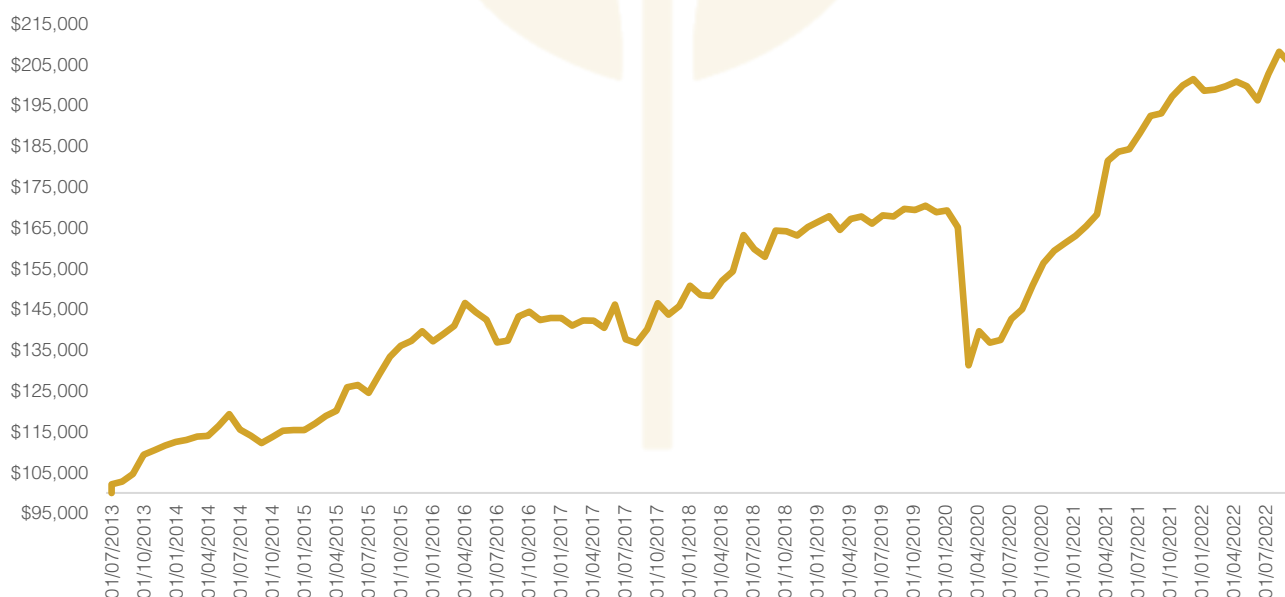
Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	105.45%	13.30%	92.15%
Trailing 5 year return p.a.	7.94%	0.81%	7.13%
Trailing 3 year return p.a.	6.58%	0.40%	6.18%
Trailing 12 month return	6.35%	0.62%	5.73%
Trailing 3 month return	4.62%	0.46%	4.16%
Trailing 1 month return	-1.38%	0.20%	-1.58%

* 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%										4.62%

Growth of \$100,000 Since Inception



Manager Commentary

September saw large losses for the ASX300 (down 6.29%) as risk-off sentiment took hold globally following aggressive central bank action aimed at getting inflation back under control. Against this backdrop, the portfolio was not completely immune, also posting a negative result (down -1.38% for the month) largely as a result of wider deal spreads that drove mark-to-market losses within the portfolio. High profile deal breaks in Ramsay Healthcare (RHC.ASX, no position) and Link Group (LNK.ASX, held in small size) have captured the media's attention but are not necessarily emblematic of our broader opportunity set. Deals are routinely completing with the portfolio successfully closing out transaction in Big River (BVR.ASX) and ResApp Health (RAP.ASX), with Thiess' unconditional offer for MACA Ltd (MLD.ASX) currently due to complete in early October. Binding deals, of which constitutes the majority exposure of the portfolio, continue to track to expectations. Should they complete (and we have a reasonable basis to expect that they will), the aforementioned mark-to-market losses should be recouped in short order.

Apollo Tourism & Leisure (ATL.ASX) was the outstanding performer. Both the NZCC and ACCC chose not to oppose the merger with Tourism Holdings (THL.NZX) subject to certain assets being divested prior to transaction completion. It's been a lengthy process with the competition regulators and at times the spread has been as wide as 60% gross. To cap it off, Tourism Holdings increased the scrip ratio to reflect the business outperformance Apollo has observed since the deal was agreed back in December last year. The probability of completion from here is now significantly higher, with a now appropriate share price reflecting that.

We had a less favourable time with regulatory approvals in Link Group (LNK.ASX). We took a small position early in the month on the basis ACCC risk was mispriced, which was confirmed when the ACCC waved the transaction through. However, we underestimated the FCA approval risk (which admittedly looked opportunistic given the FCA left it to the very last moment to state their objection, with indications suggesting the delay was simply due to understaffing rather than anything more sinister). History will show that a draft notice by the FCA proposing a A\$516m redress payment for a legacy issue which Link had considered largely immaterial to that point effectively killed any chance the deal with Dye and Durham would complete. Despite attempts to recut the deal at the eleventh hour, it was abandoned late in the month when it became clear that time was now against the parties in seeking to complete the transaction prior to the agreed long stop date. Position sizing mitigated much of the damage but, it was nonetheless disappointing given our general caution towards regulatory risk more broadly (the aforementioned result in Apollo Tourism & Leisure notwithstanding).

The US Masters Residential Property Fund (URF.ASX) fell more than 20% on no meaningful news. A sharp increase in US mortgage rates intramonth most likely contributed to the slide. The Fund continued to buy back units at less than half NTA (which has further improved with AUDUSD currency fluctuations). Add in anecdotal evidence of rental growth in the New York City/New Jersey market and it's an opportunity that looked cheap at the start of the month, and even cheaper by the end. The group has effectively committed to continuing to liquidate their portfolio over time (and will use those proceeds to keep buying back shares) and whilst it's difficult to predict any long-term impact of higher US interest rates on URF's portfolio, the margin of safety at current prices is seemingly excessive.

Finally, Paygroup Limited (PYG.ASX) saw shareholders overwhelmingly support the scheme of arrangement with Deel and is set to depart the ASX at the end of October. An unfavourable mediation ruling announced during the month saw additional shares issued, putting the initially proposed \$1.00 per share consideration above the maximum aggregate equity amount Deel has agreed to pay for the company. The consideration is thus slightly reduced pro rata from \$1.00 to \$0.9915 per share. We were evidently one of the few shareholders (if not the only one) to pick this up. We happily sold the entire position post month end at very attractive prices once the aforementioned reduction in per share value is accounted for. Being across the details of each deal, particularly those of a smaller size that are not as well covered, can sometimes offer returns above expectations, as was the case in this instance.

In short, the portfolio continues to track to expectations and maintains meaningful embedded value despite this month's negative result. We look forward to providing further updates in due course.

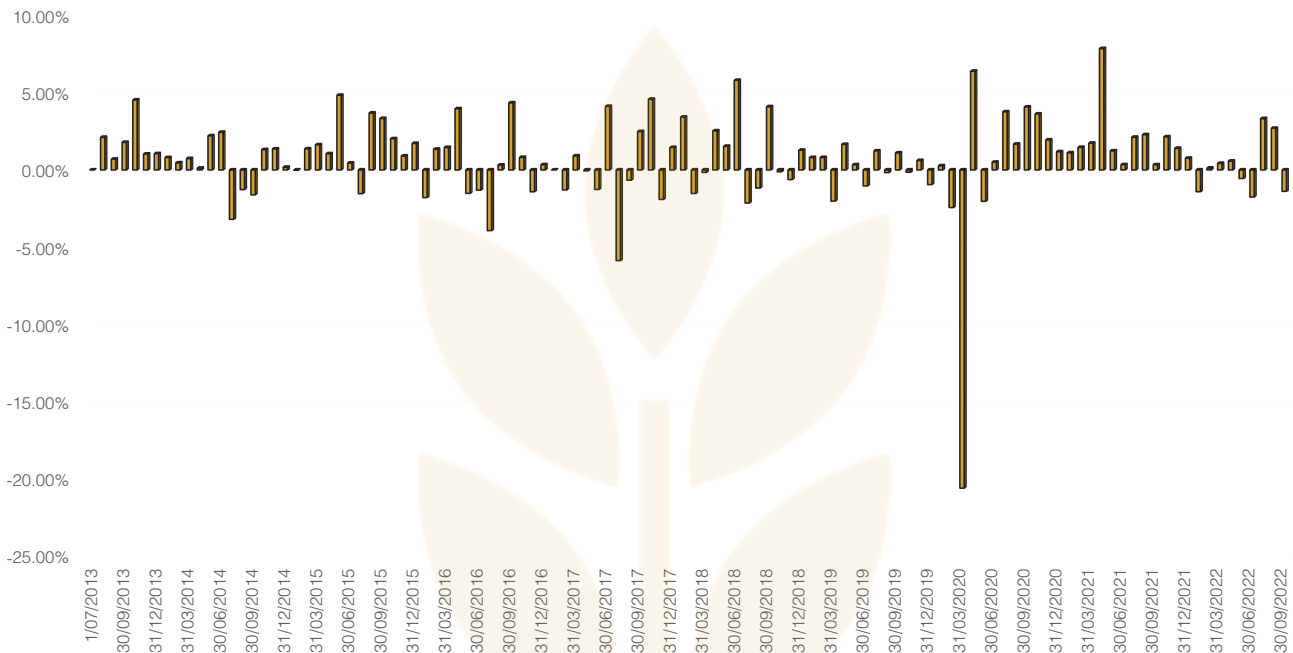
Kind Regards,

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 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)	0.70%
% Positive Months	68.47%
Best Positive Month	7.83%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	10.18%
Sortino Ratio	0.990
Sharpe Ratio	0.747
Correlation with ASX200 Accumulation Index	0.480
Beta	0.352
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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