

	NTA
Unit Price - 30/09/2023	1.3196

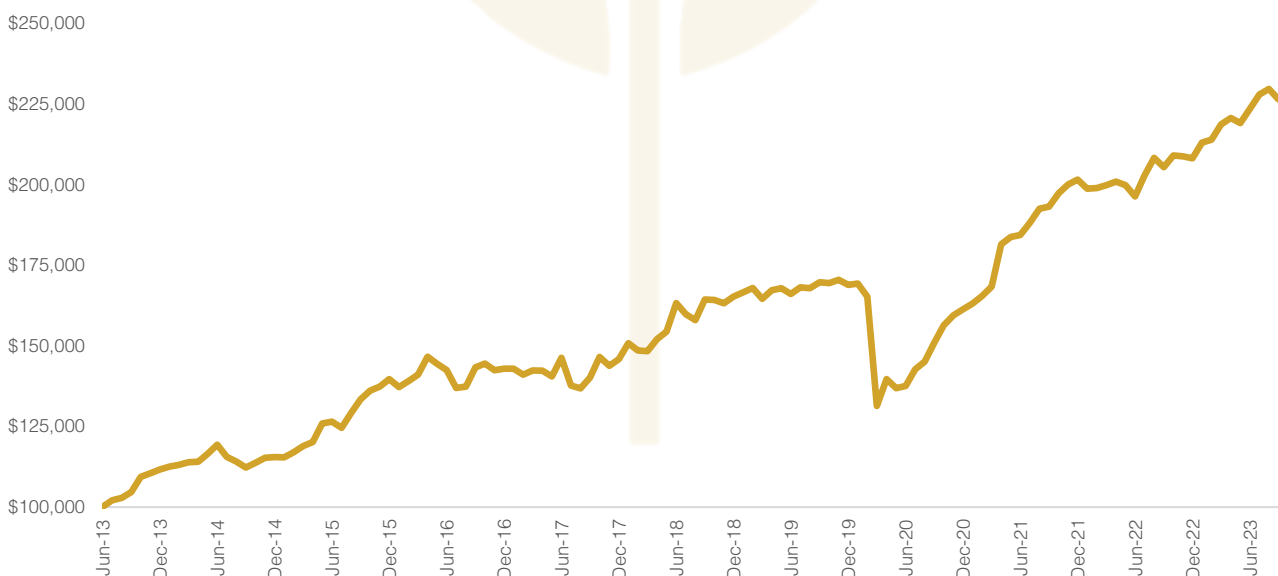
Investment Returns (net of fees)\*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Annualised return (since inception 01/07/2013)	8.30%	1.66%	6.65%
Trailing 5 year return p.a.	6.62%	1.22%	5.40%
Trailing 3 year return p.a.	14.47%	1.42%	13.05%
Trailing 12 month return	10.24%	3.54%	6.70%
Trailing 3 month return	1.34%	1.03%	0.31%
Trailing 1 month return	-1.40%	0.34%	-1.75%

\* 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 are annualised and 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%	-0.13%	-0.30%	2.36%	0.41%	2.21%	0.93%	-0.71%	2.00%	13.81%
FY24	2.00%	0.76%	-1.40%										1.34%

Growth of \$100,000 Since Inception (assuming reinvestment of distributions)



## Manager Commentary

It was relatively benign period for the portfolio in the face of broader market volatility, although our mark to market on this occasion was more extreme than normal as we saw multiple spreads widen in the final days of the month well beyond where we would typically expect. As a snapshot in time, share price gyrations don't always accurately reflect the health of the underlying transactions. For us, it's an opportunity and historically where we have been able to generate excess risk adjusted returns. We view September's softness as no different and expect it to self-correct as transactions approach maturity. To a large extent it already has in the early days of October.

And on that note, it's more of the same; deals are completing, new ones take their place, and a few contested situations are occasionally thrown in the mix for good measure. We are expecting a rush of completions in the lead up to the end of the year (November in particular), which will put the portfolio in a great position to reinvest proceeds into several new and promising transactions.

Global Data Centre Group (GDC.ASX) surged with market buzz over the mooted IPO of Airtrunk. If an IPO or liquidity event occurs even close to the potential valuations being put forward by some corners of the market, it could prove a serious windfall for GDC and its one percent interest. Existing substantial shareholders continue to add to their holdings (as do we!), giving confidence in both the ability to realise assets over the medium term and that carrying values are well supported.

Cirrus Networks (CNW.ASX) returned to the portfolio following an agreed scheme of arrangement with Atturra Limited (ATA.ASX) at an implied \$0.053 per share. We have seen a huge amount of consolidation in the broader IT services space over the last few years as players like Capgemini, Brennan, HCL, and even Atturra act as aggregators. Cirrus previously fended off a hostile takeover from Webcentral (WCG.ASX) back in 2021 (at \$0.032 per share!) and we have followed the company since - it's large cash balance, nil debt, and drastically improved earnings in the period since Webcentral's offer made it an attractive target.

It also, however, made Cirrus an attractive investment in its own right, and Atturra's offer would need to be at a price shareholders would be willing to part with their shares for. It was evidently not high enough, and it was only after Atturra agreed to increase their offer price to \$0.063 four days later that Microequities and H&G High Conviction publicly threw their support behind the deal (no doubt after a few rounds of private negotiations).

To close out the month, Symbio Holdings Limited (SYM.ASX) announced the receipt of a counterproposal from Aussie Broadband (ABB.ASX) in a cash and scrip deal at \$3.15 per share. The offer comes in \$0.30 above Superloop's (SLC.ASX) \$2.85 offer back in August. Superloop has since clarified that it has no present intention of making a revised offer, but reserved its right to amend that position should circumstances change.

The Aussie Broadband proposal is still non-binding and indicative while it works through three weeks of due diligence. There is no guarantee a binding deal eventuates, but the inclusion of a work fee payable to Aussie if Symbio doesn't return a countersigned, executed deed (should Aussie table one) suggests it isn't too keen to come away from the process empty handed.

Given Symbio have flagged intent to support a firm deal on the existing terms, there are very few reasons why the work fee would become payable; namely, a better offer is on the table.

Kind Regards,

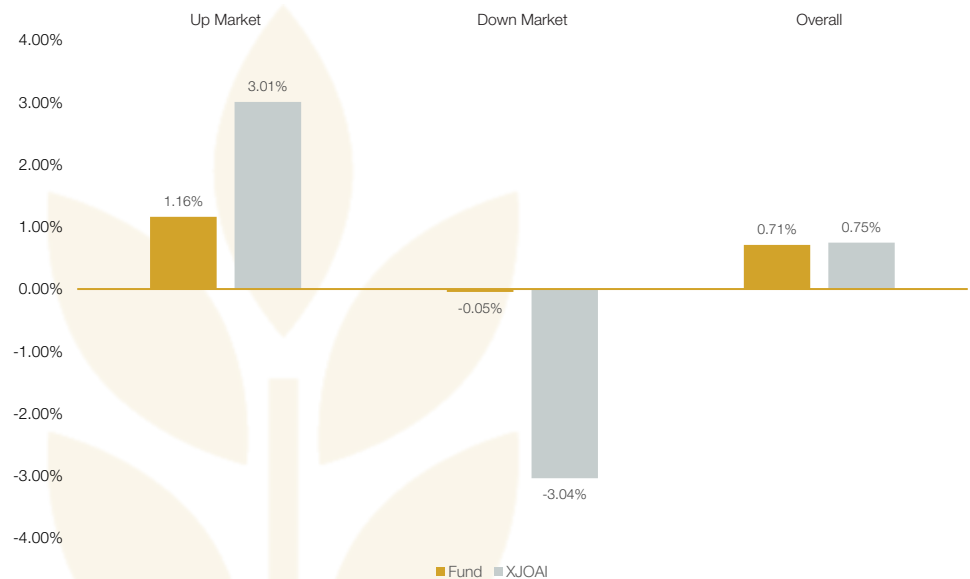
Luke Cummings and Ben Bailey

Chief Investment Officer and Portfolio Manager, respectively.

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

Trailing Data and Capture Analysis (Three Year Rolling)\*

Three Year Rolling	
Return (% p.a)	14.47%
Annualised Volatility	6.10%
Beta	0.248
Sortino Ratio	1.777
Sharpe Ratio	2.054
Best Month	7.83%
Worst Month	-1.74%
Largest Drawdown	-2.29%



Fund Facts

Name	Absolute Return Fund
APIR	FHT0042AU
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 (Since Inception)

Average Full Financial Year Return <sup>3</sup>	9.12%
Average Monthly Return (since inception)	0.71%
% Positive Months	68.29%
Best Positive Month	7.83%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	9.76%
Sortino Ratio	0.930
Sharpe Ratio	0.540
Correlation with ASX200 Accumulation Index	0.478
Beta	0.339
FY23 Distribution	0.1284

<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 - 30/06/2023) 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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