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|-------------------------|--------|
| | NTA |
| Unit Price - 30/06/2017 | 1.0977 |

Investment Returns (net of fees)

| | Harvest Lane Absolute Return Fund | RBA Cash Rate | Outperformance |
|--|-----------------------------------|---------------|----------------|
| Cumulative return (since inception 01/07/2013) | 46.26% | 9.28% | 36.98% |
| Trailing 3 year return p.a. | 7.02% | 2.05% | 4.97% |
| Trailing 12 month return | 2.62% | 1.63% | 0.99% |
| Trailing 3 month return | 2.73% | 0.38% | 2.35% |
| Trailing 1 month return | 4.10% | 0.13% | 3.97% |

* 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.

Manager Commentary

June was a good month for Absolute Return Fund. The Fund gained in value by 4.1% for the month. This represented our best month in quite some time and was a pleasing way to end the financial year.

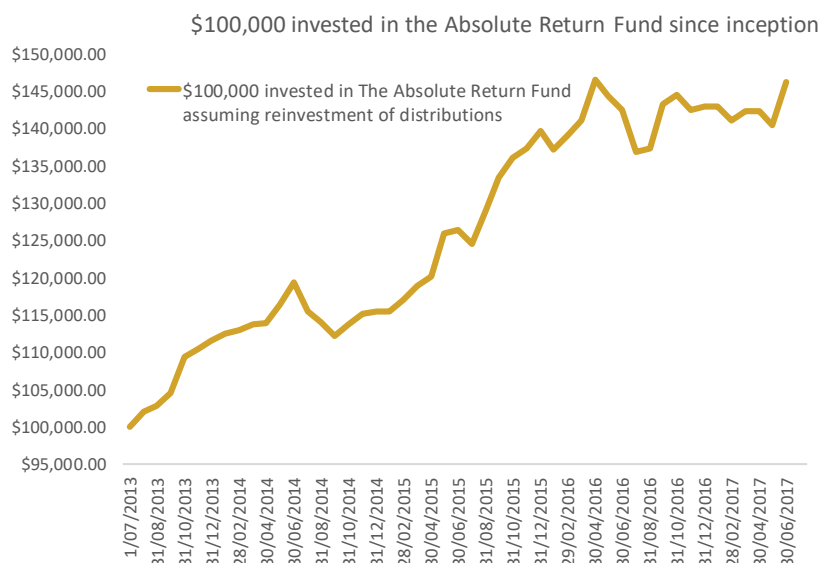
Return for the quarter was an acceptable 2.73%. Returns for the full financial year were unsatisfactory owing to a relatively flat first 3 quarters of the year. Total 12 month return for the Fund net of fees amounted to 2.62% - unfortunately our worst year since inception. It was also the first year in which we failed to keep pace with (or beat) the broad equity index of the ASX200.

Obviously we consider long only equity investing significantly riskier even in normal times (more volatile and bigger losses) than what we offer, so it is not an ideal comparison.

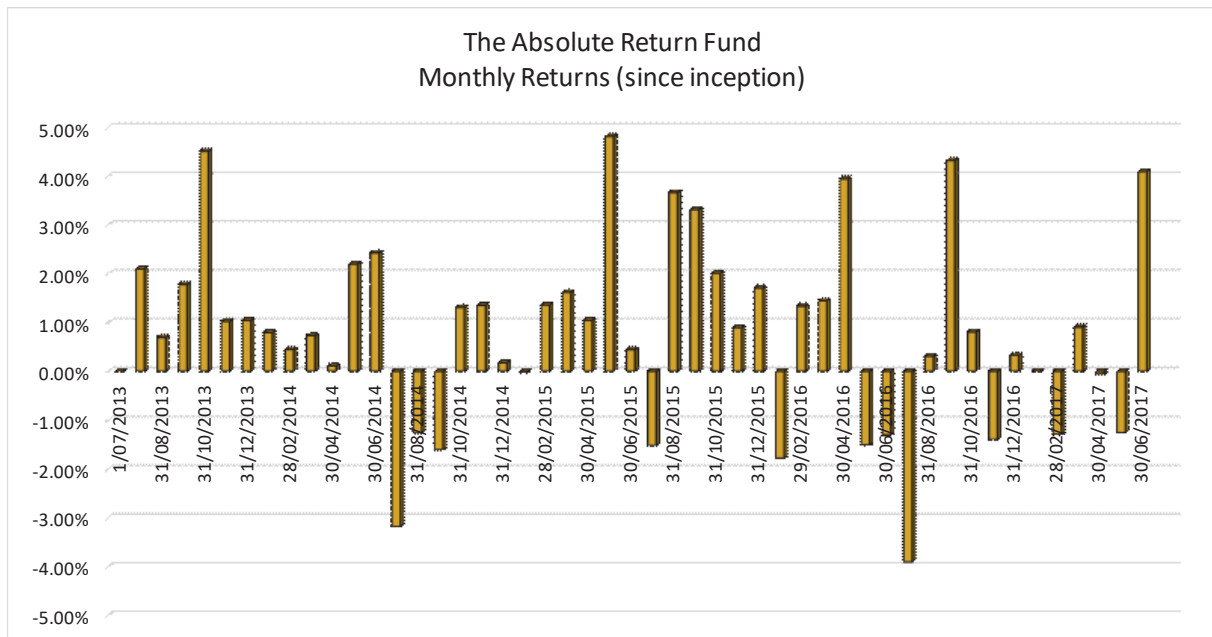
Furthermore, we think we are clearly very late in to a bull market cycle – while participating in the bull market to gain a few extra per cent might seem like a good idea, it will be until it isn't and that "isn't" bit might not be that far away (we simply don't know, but would prefer to avoid the slide on the other side of this bull market as it is avoiding the slide which enables good long term compounding). Also, the equity market simply doesn't fit most people's risk preferences for a product – most people much prefer the type of lower volatility return stream we generally produce, than a more volatile one with an occasional and unpredictable very large loss of capital. It is for this reason that we hedge our market exposure – doing this also means we can provide a valuable and diversifying return stream in a portfolio context.

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Growth of \$100,000 Since Inception



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 | Capped at 1.25% |
| Manager Performance Fee | 25% (incl GST) of returns above RBA Cash |
| High Water Mark | Yes |
| Applications/Redemptions | Daily |
| Distributions | Annual |
| Administrator | Fundhost |
| Auditor | Ernst & Young |
| Custodian | NAB |

Portfolio Analytics

| | |
|--|--------|
| Average Full Financial Year Return | 10.16% |
| Average Monthly Return (since inception) | 0.81% |
| % Positive Months | 72.34% |
| Best Positive Month | 4.82% |
| Worst Negative Month | -3.91% |
| Maximum Drawdown | -6.92% |
| Annualised Standard Deviation | 7.40% |
| Sortino Ratio | 2.35 |
| Sharpe Ratio | 1.23 |
| Correlation with All Ordinaries | -0.084 |
| Beta | -0.048 |

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 - 30/06/2017) and does not include returns for the current year.

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Manager Commentary Continued

Despite the strong finish to the year, the year's result could mostly be attributed to an absence of competitive M&A, and so too a scarcity of good capital raisings in which we could meaningfully participate. The paucity of activity has been a surprise to us, but the reality is the opportunity set waxes and wanes largely unpredictably over the short term. Hence why we encourage at least a 3 year time horizon when investing with us.

The good news is that our investors did not pay much for our services – something we would like to fix for all involved in the coming 12 months! We think our alignment is a very important difference between us and the vast majority of fund managers. Our results have not at all been unusual in a lacklustre year for alternative managers of all sorts – but the difference is we didn't and don't charge high fees for these ordinary results. We hence think we are not only a much more understandable offering than most, but also a much better aligned offering than so many others out there. We share in the pain when our investors don't get the results (rather than charge significant base management fees). We think our fee difference is a very important difference, and worthy of greater recognition and support by the market at large. It demonstrates our confidence that we expect our process over time will deliver substantially positive results.

Turning to the June performance specifically, several of our positions showed good gains including Tower, despite not having yet had NZCC approval for the Vero bid. Hence, we took the opportunity to crystallise some gains for risk management reasons. A final decision regarding whether or not the bid can proceed is scheduled for 26 July, and we

retain some exposure to what we expect will be a positive outcome. The Brookfield Property and Spotless deals completed as expected and we also added value courtesy of our holdings in Macmahon Group (MAH) and Universal Coal (UNV). One situation that surprised was the implementation of the Cradle Resources (CXX) Scheme of Arrangement. What appeared to be a relatively straight forward deal became less so with an 11th hour change in some key mining legislation in the jurisdiction in which Cradle's project is based. We are still digesting the implications of the proposed changes and will provide a further update in our next report.

Kind Regards,

Luke Cummings
Chief Investment Officer & Managing Director

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

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 risk/return 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 cash 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 such as Fundhost. 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.

Disclaimer

This information refers to investments in the Harvest Lane Asset Management Absolute Return Fund (ARSN 614 662 627) (Fund).

Any person seeking to make an investment should review the Product Disclosure Statement (PDS) for the Fund dated 20 September 2016 issued by the responsible entity of the Fund, Fundhost Ltd (ABN 69 092 517 087, AFSL No. 233045) (Fundhost). Before making any decision to make or hold any investment in the Fund you should consider the PDS in full. A copy of the PDS is available here www.harvestlaneam.com.au.

This information has been prepared without taking into account your individual objectives, financial situation or needs. You will need to consider whether an investment in the Fund is appropriate for you, having regard to those matters. You should seek legal, financial and taxation advice before investing. The investment manager of the Fund is Harvest Lane Asset Management Pty Ltd (ACN 158 314 697, Corporate Authorised Representative No.433046 of Harvest Lane Capital Pty Ltd AFSL No.425334). Investment returns are not guaranteed.