HARVEST LANE
ASSET MANAGEMENT

Absolute Return Fund
March 2020 Update

	NTA
Unit Price - 31/03/2020	0.8421

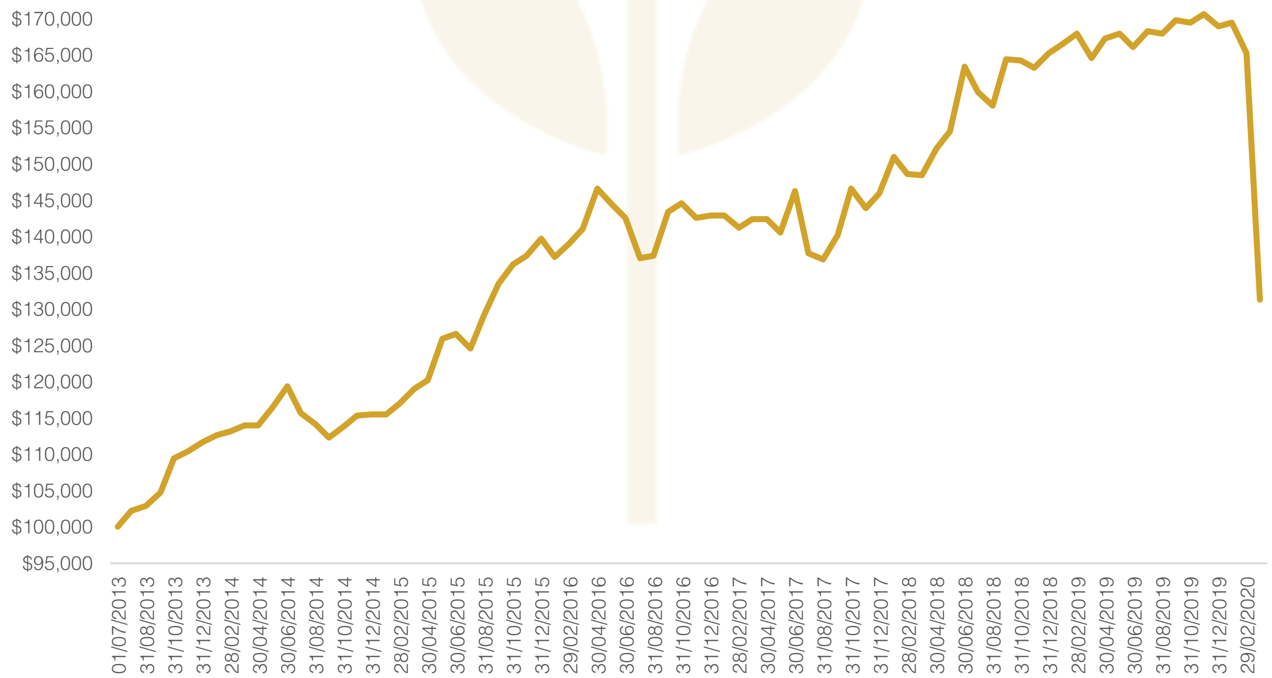
Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	31.34%	12.45%	18.89%
Trailing 5 year return p.a.	2.01%	1.57%	0.44%
Trailing 3 year return p.a.	-2.65%	1.32%	-3.97%
Trailing 12 month return	-20.20%	0.94%	-21.13%
Trailing 3 month return	-22.24%	0.15%	-22.38%
Trailing 1 month return	-20.52%	0.02%	-20.54%

* 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%				-20.94%

Growth of $100,000 Since Inception



Manager Commentary

In March, the Absolute Return Fund returned -20.52%. The broader market posted its worst month since October 1987, as the ASX200 delivered -20.65%. One of the greatest attractions of our strategy historically has been not only the lack of correlation between our portfolio and the broader market but also the lack of correlation between the underlying constituents of the portfolio with respect to one another. Unfortunately, thus far at least, COVID 19 has tested this historical relationship.

Put simply, the impact that the virus is having on markets and the economy more generally is being acutely felt by our portfolio irrespective of the specific circumstances relating to each of our positions.

Having taken approximately 2 weeks to produce this month's update, things have improved somewhat in April. At the close of trade on the 15th, the portfolio had added approximately 4.05% month to date. There is still considerable ground to be made up.

March was by far the most challenging month of our respective professional careers and we are bitterly disappointed in the result that we delivered. As we noted in our February performance update (sent to investors in early March), the spreads we were witnessing at that time were unlike anything we had seen previously (including during the dark days of the GFC) and unfortunately, the trend accelerated as the month progressed. The selling was both relentless and indiscriminate.

We subsequently learned that several offshore event funds were forced to liquidate their portfolios during this time, with one high profile fund announcing its closure in the final week of March. This went some way towards explaining the weakness that was evident across the portfolio in the latter part of the month.

It should be noted that the impact of the liquidation trade in 'event names' was not unique to Australia but occurred throughout the region. Frustratingly though, in nearly all other markets, spreads have largely returned to normal, a phenomenon that thus far, has been largely absent here.

As investors would be likely be aware, the past 12 months were largely characterized by a proliferation of other event funds operating in our space whereas several years ago, we mostly had the Australian and New Zealand market to ourselves. This largely came about as a result of these other funds (typically US or Asian based) raising large sums of money and having relatively few options regarding where to deploy it. For a period of time, Australia and New Zealand were the 'only game in town' as M&A activity was concerned. This frustratingly narrowed spreads (i.e. reduced returns) for much of last year as these funds bid prices to levels, which for the most part, we found unattractive.

In hindsight, this would prove to be the least of our problems. As these funds were forced to liquidate positions in recent weeks, it had a severely detrimental impact on our own performance.

The silver lining may be that in the months and years ahead, we will once again have less competition. We must however, successfully navigate the immediate future first.

So, where does that now leave us now?

In the latter part of the month, it became clear to us that it largely did not make sense to sell anything that we had elected not to sell up to that point. Regardless of the origins of the selling, nearly all our positions were priced for a worst-case scenario. Experience told us that the market prices for the majority of our positions did not accurately reflect the likelihood of success or failure of the respective transactions. Where it was sensible to do so, we added exposure in the names we felt were 'safest' given the circumstances. Thus far, that decision has proven to be a good one.

We have since used improved market sentiment more broadly, to further adjust the portfolio by lightening up on some names where we no longer view the risk/reward quite as favourably (mostly as a result of an increase in the value of these positions since that time) and have re-deployed this cash in to lower risk opportunities that are priced as if they are anything but (low risk).

Manager Commentary Continued

Far from being complacent about those positions that remain within the portfolio, our default position remains (as it has been for some time now) that buyers are likely to try and avoid completing transactions wherever possible, even if there is a binding agreement in place. As such, it is important for us to understand the circumstances in which a buyer may reasonably to expect this to be an option and so too, the appetite that the target company has to defend themselves should this circumstance arise. The majority of our days are currently spent checking with advisors, management teams and legal representatives to determine the likelihood that the transaction to which they are a party is at risk and what they intend to do in order to enforce their rights (if applicable).

Despite April's slightly improved MTD performance, some of the transactions to which our portfolio companies are exposed are not scheduled to close for another month or two and in some instances longer. As such, it is possible (and perhaps likely) that we may not realise the expected value of these positions until much closer to the closing dates of those respective transactions. However, if our current portfolio construction is as robust as we believe it to be, then we will get the benefit of the uplift eventually.

To complement this month's update, we have decided to make available a more detailed than usual overview of some of our key positions such that investors may better understand the risks (and opportunities) to which the portfolio is currently exposed. We hope that in doing so, we may highlight the extent of the upside that exists within the portfolio as it currently stands. It is our strong wish to provide this only to those that are currently invested with us given the somewhat sensitive nature of the information being disclosed. If you would like a copy sent to you, please email us (enquiries@harvestlaneam.com.au) and we will be happy to provide it.

Historically, even in distressed market conditions, our strategy has been largely immune to broader market weakness because the success or failure of any given transaction will still be largely dependent on circumstances relating to that specific transaction rather than broader market factors. Some sectors will typically be more affected in a downturn than others and hence the portfolio gets the benefit of diversification. The challenge on this occasion has been that most of the portfolio has become highly correlated to the presently unquantifiable impact of COVID-19 and the benefit of diversification has thus far been eliminated from the portfolio.

However, as the situation regarding future impact of the virus becomes clearer it’s entirely possible (and even probable) that the performance of our respective positions will de-couple as would more typically be the case. In that instance, whilst we would prefer not to have suffered the interim drawdown, the strategy will still be in a position to deliver an outcome that is not dissimilar to what we would more often expect.

These are undoubtedly difficult times for many, and we do not wish to add to the burden. We do not take lightly the responsibility of managing the capital you have entrusted to us. It is our sincere hope that we have better news to deliver when we write to you next.

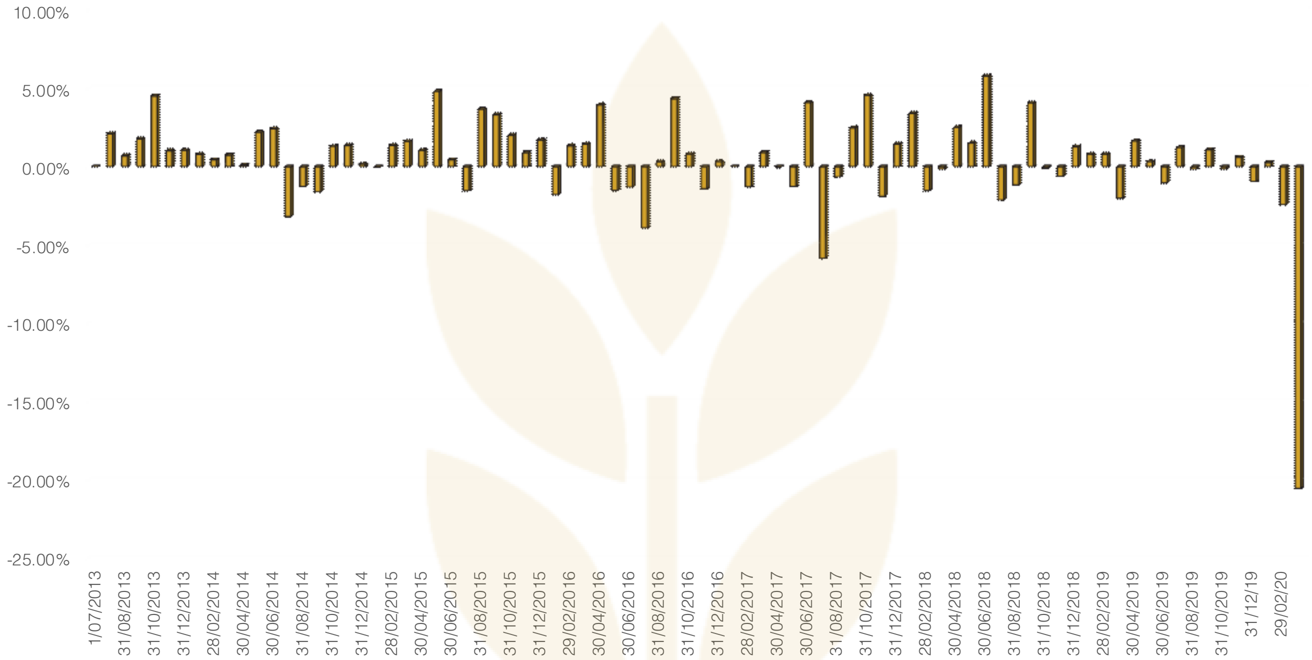
Regards,

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
Administrator	Fundhost
Auditor	Ernst & Young
Custodian	NAB

Portfolio Analytics

Average Full Financial Year Return[3]	9.00%
Average Monthly Return (since inception)	0.39%
% Positive Months	62.96%
Best Positive Month	5.78%
Worst Negative Month	-20.52%
Maximum Drawdown	-6.72%
Annualised Standard Deviation	10.84%
Sortino Ratio	0.440
Sharpe Ratio	0.362
Correlation with ASX200 Accumulation Index	0.489
Beta	0.383
FY19 Distribution	0.0000

[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 - 30/06/2019) 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 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 16 December 2019 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.