

	NTA
Unit Price - 31/03/2021	1.0779

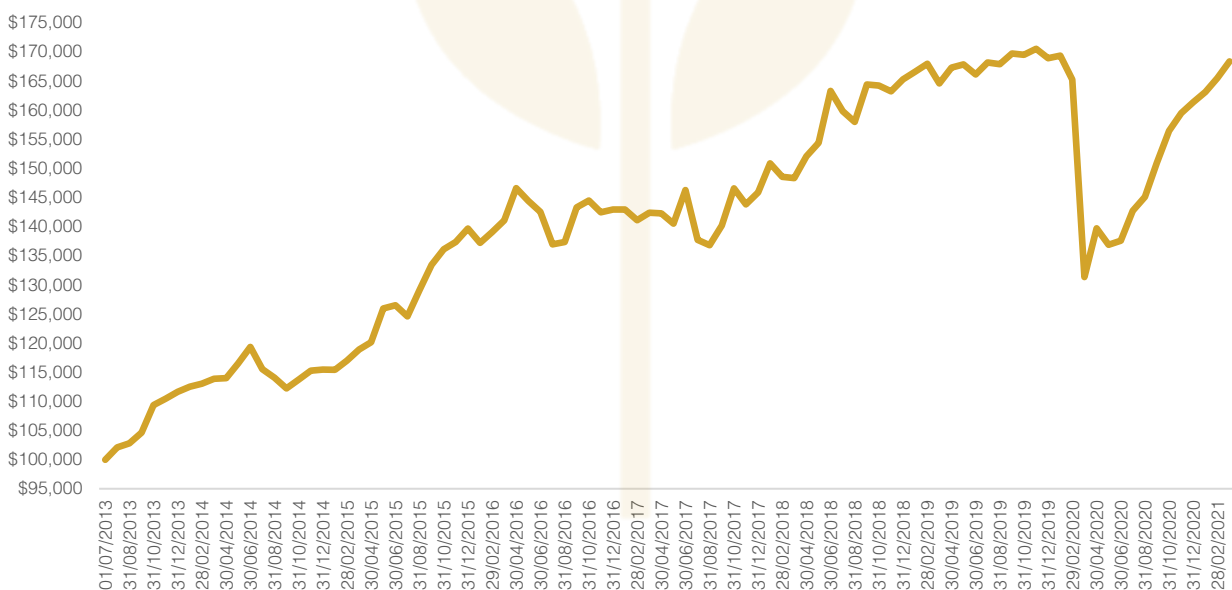
Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	68.34%	12.63%	55.71%
Trailing 5 year return p.a.	3.60%	1.18%	2.42%
Trailing 3 year return p.a.	4.31%	0.88%	3.44%
Trailing 12 month return	28.17%	0.19%	27.99%
Trailing 3 month return	4.35%	0.03%	4.32%
Trailing 1 month return	1.73%	0.01%	1.72%

* 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%				22.38%

Growth of \$100,000 Since Inception



— \$100,000 invested in The Absolute Return Fund assuming reinvestment of distributions

Manager Commentary

It was a quieter month relative to the busy reporting season we saw in February, but M&A conditions remain buoyant, deal completion rates are high, and we are finding enough opportunities to continue replenishing the pipeline as soon as mature transactions in the portfolio complete. The end result is reporting another positive return for the period with the portfolio up 1.73% in March. The foundation of the result was very few positions ending the month lower than where they started; the cream on top came from a couple of positions in Vitalharvest Freehold Trust (VTH.ASX) and Think Childcare Group (TNK.ASX) as we will discuss in further detail below.

Roc Private Equity stormed onto the scene at the end of February with a non-binding offer for Vitalharvest at \$1.08 cash per share, plus a permitted \$0.025 distribution for a grossed up \$1.105 per share, above MIRA's binding \$1.025 equivalent offer. March saw the contest progress very much to shareholders' benefit.

To fend off the interloper, MIRA increased the consideration payable under its offer to match that of Roc's before the counterproposal could go binding. Unfortunately for MIRA, it didn't have the desired effect. It took Roc only a few days to lift the grossed-up consideration to \$1.145 while it worked in the background to firm up its offer.

Vitalharvest has been held in the portfolio since late last year and was established at an attractive discount to the original grossed up terms of \$1. Since then, we have had a distribution of \$0.025 added to the consideration, and now the emergence of a bidding contest where both parties are clearly prepared to pay more. Our original full-size position has allowed us to capture the entire additional value at each step of the way, which is evident in our recent results. As at the time of writing, early April has seen Roc move to a binding proposal on substantially the same terms as MIRA, MIRA has taken up its matching right, and Roc has again increased its offer price for a third time. It now essentially comes down to a pure auction to see who will pay the highest price. We continue to benefit while we wait to see which party emerges victorious.

We discussed our investment in Think Childcare (TNK.ASX) in more detail last month, the general gist being that even after several non-binding offers at ever increasing prices, the company was still relatively cheap in the eyes of an acquirer. February's financial results filtered through the market and evidently we were not the only ones to have come to the same conclusion.

TNK started the month at \$2.12 and finished at \$2.29, and that's after paying out a \$0.12 dividend. It meant that Busy Bees' non-binding offer at \$2.10 looked increasing unattractive - convincing shareholders to sell their holding at a material discount to what they could realise on market was always going to be a tough ask.

Once again, early April has seen developments in the position. Busy Bees has returned with an offer priced at a whopping \$3.20 per share with potential for a further ~\$0.145 in franking credits attached. Suffice to say, the developments in TNK and VTH have laid the groundwork for what we expect to be a particularly strong performance in April.

Several new deals were also announced during the month. Tilt Renewables (TLT.ASX) completed its strategic review and announced a scheme of arrangement with a bidding consortium at NZ\$7.80. Mainstream Group (MAI.ASX) similarly announced a scheme of arrangement at \$1.20 with Vistra and this one is particularly interesting due to a specific clause in the agreement - Mainstream are allowed to "go shop".

Vistra's premium was only 12% over the undisturbed share price which is quite low in the context of control premiums that typically average near 30%. The "go shop" clause in the agreement is an ultimatum - MAI are free to hunt down an alternative bidder at a higher price if they can get it, otherwise Vistra look set to take control at a small premium. A similar clause formed part of MYOB Group's (MYO.ASX) takeover back in 2019, but unfortunately in that instance they weren't able to find a higher bidder. We hope Mainstream has more success this time around.

McPherson's Limited (MCP.ASX) was also on the end of an unsolicited takeover offer from Gallin Pty Ltd, an entity ultimately controlled by Kin Group. It is structured as an on-market takeover which by its nature is unconditional, and so any position comes with a limited downside so long as the offer remains on foot. The offer looks to be a repeat of

Manager Commentary Continued

the strategy Kin Group's attempted takeover of The Reject Shop (TRS.ASX) in 2018 - McPhersons is similarly suffering some near-term operational issues with a languishing share price, and the offer looks opportunistic as a result. Listed peers trade at meaningfully higher multiples, and thus an acquisition to a trade buyer could be sold to their investors as earnings accretive. The downside protection in the Gallin offer means we are risking very little to see how the transaction develops in the coming months.

Once again, we are pleased to see the portfolio continue its run of strong performance, and all indications are that April is shaping up to be more of the same. We feel the portfolio is full of high-quality opportunities and there is more than enough on our radar to keep the compounding wheels turning. We look forward to providing further updates next month.

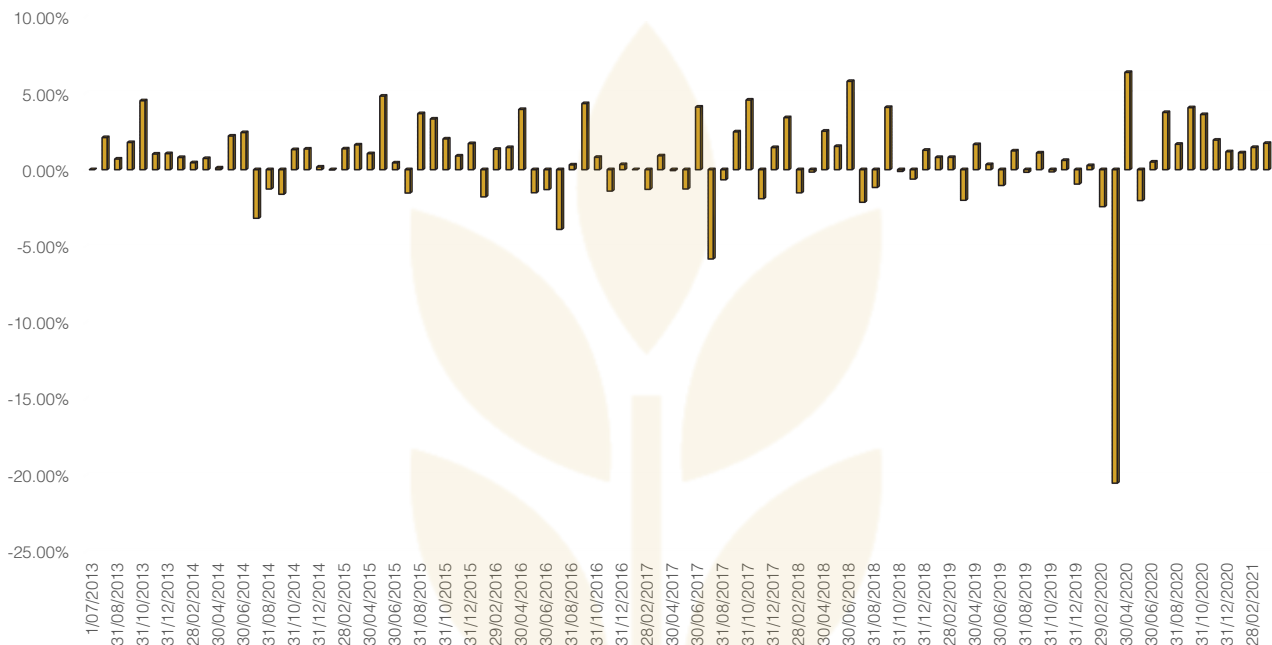
Kind Regards,

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	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	5.26%
Average Monthly Return (since inception)	0.61%
% Positive Months	66.67%
Best Positive Month	6.37%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	10.62%
Sortino Ratio	0.790
Sharpe Ratio	0.621
Correlation with ASX200 Accumulation Index	0.472
Beta	0.361
FY20 Distribution	0.0012

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 - 30/06/2020) 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.