

	NTA
Unit Price - 31/01/2018	\$1.0293

### Investment Returns (net of fees)\*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	50.84%	9.76%	41.09%
Trailing 3 year return p.a.	9.33%	1.85%	7.48%
Trailing 12 month return	5.53%	1.50%	4.03%
Trailing 3 month return	2.91%	0.38%	2.53%
Trailing 1 month return	3.41%	0.13%	3.28%

\* 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

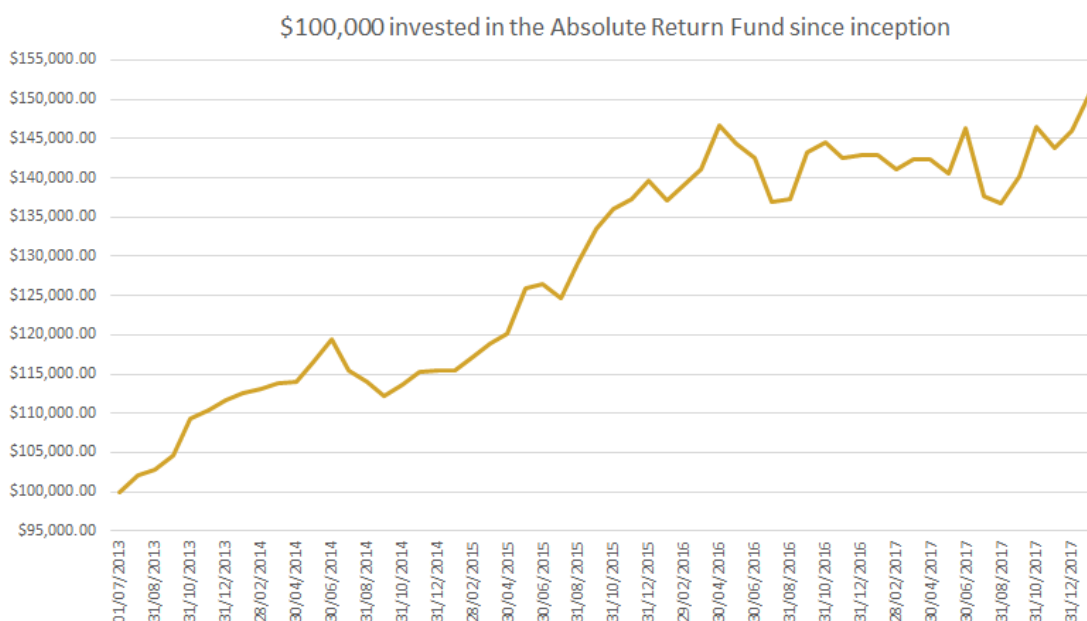
January proved to be another good month for Absolute Return Fund with a gain of 3.41% for the period. In contrast, the ASX200 Accumulation Index posted a loss of approximately 0.45%.

A number of positions were added to the portfolio throughout the month including Billabong (ASX: BBG), Sirtex (ASX: SRX) and Trilogly International (ASX: TIL). All of these attracted takeover bids in January or the latter part of December.

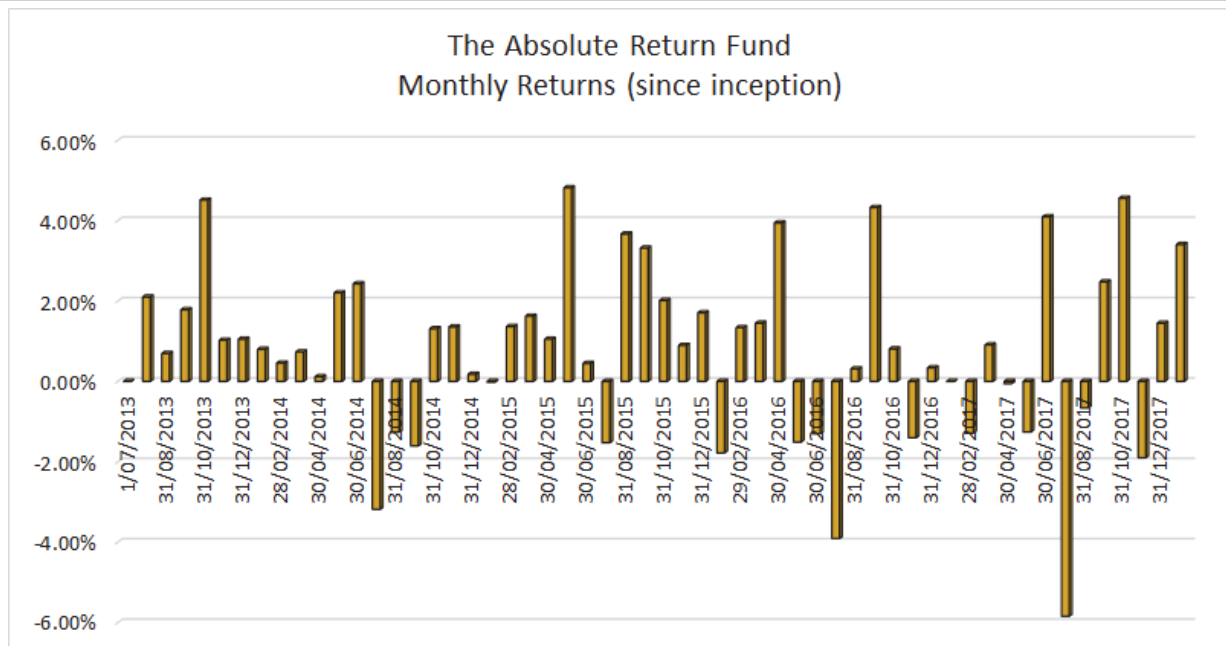
A position in Spotless Group (ASX:SPO) was also added in anticipation that Downer Group (ASX: DOW) will attempt to mop up the remaining shares in the company that they do not already own. By way of background, Downer bid for Spotless in the latter part of last year and whilst successful in gaining control, did not achieve the 90% ownership level required to proceed to compulsory acquisition. Downer will legally be eligible to bid again from the end of February and we expect that they'll attempt a second bid sooner subsequent to this (and at a much improved price).

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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 July 1 2013
Investment Objective	10% p.a (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
Administrator	Fundhost
Auditor	Ernst & Young
Custodian	NAB

Portfolio Analytics

Average Full Financial Year Return <sup>3</sup>	10.16%
Average Monthly Return (since inception)	0.77%
% Positive Months	70.37%
Best Positive Month	4.82%
Worst Negative Month	-5.84%
Maximum Drawdown	-6.92%
Annualised Standard Deviation	7.40%
Sortino Ratio	1.76
Sharpe Ratio	1.035
Correlation with All Ordinaries	-0.038
Beta	-0.026
Last distribution paid (July 2017)	\$0.09969

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

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## Manager Commentary Continued

We also took the opportunity to add to positions in Bulletproof Group (ASX: BPF) - which has since received an improved bid - and so too AWE (ASX: AWE), which, has also attracted further bids at the time of writing.

Overall, we remain satisfied with how the portfolio is positioned. Merger arbitrage activity has increased, and our current positions are primed to deliver further gains in the months ahead.

Kind Regards,

Luke Cummings  
Chief Investment Officer and 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](http://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.