

	NTA
Unit Price - 31/03/2018	1.0121

Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	48.32%	10.00%	38.32%
Trailing 3 year return p.a.	7.65%	1.80%	5.85%
Trailing 12 month return	4.18%	1.51%	2.67%
Trailing 3 month return	1.68%	0.38%	1.30%
Trailing 1 month return	-0.16%	0.13%	-0.28%

* 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

Compared to the frenzy of the previous three months, March proved somewhat more subdued with the fund opening only one new takeover position during the month. The fund's market neutral strategy was further validated with a flat return for the month (-0.16%), in the context of the ASX200 (XJO), which itself saw a significant drawdown of -4.27% amongst a barrage of negative numbers from global equity markets.

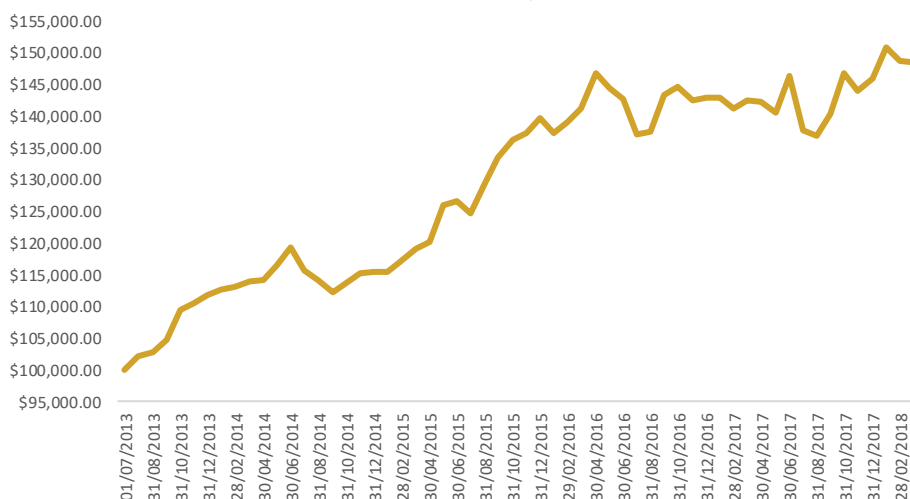
Several merger deals are entering their final stages, and the reduced risk of completion has kept the portfolio stable and insulated. Many of the portfolio's best monthly outperformances of the broader market have come during broad market sell offs, and, despite the flat return this month, it is pleasing to see that this is once again the case.

Tower Limited (TWR.ASX) was a strong contributor to the monthly performance after previous bidder, Vero, announced the sale of its 19.99% stake to Bain Capital for NZ\$0.80 per share. The share price subsequently rallied 25 percent on large volume, which provided sufficient liquidity to realise profits on the majority of the position. The news was especially welcome considering the recent 1 for 1 rights issue at AU\$0.39 allowed us to double down on our holding at a steep discount. On an adjusted basis, TWR is now trading at a slight premium to the previous Fairfax Financial bid (albeit not quite at the price that Vero had been willing to pay); hence we were happy to take some money off the table. If only our position had been bigger than it was.

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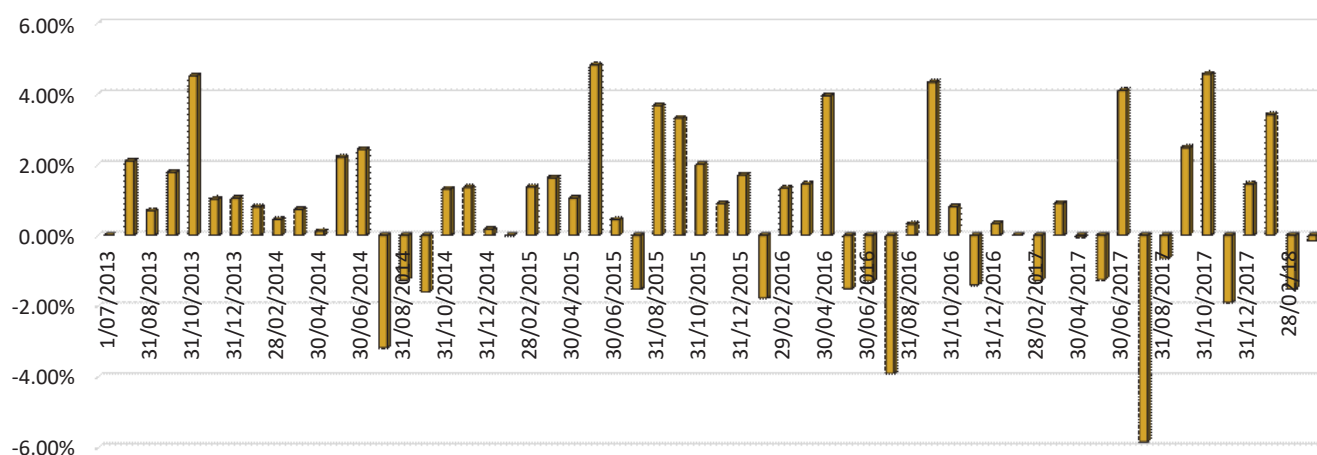
Growth of \$100,000 Since Inception

\$100,000 invested in the Absolute Return Fund since inception



Monthly Returns History*

The Absolute Return Fund
Monthly Returns (since inception)



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	10.16%
Average Monthly Return (since inception)	0.72%
% Positive Months	67.86%
Best Positive Month	4.82%
Worst Negative Month	-5.84%
Maximum Drawdown	-6.92%
Annualised Standard Deviation	0.074
Sortino Ratio	1.61
Sharpe Ratio	0.951
Correlation with All Ordinaries	-0.024
Beta	-0.016
Last distribution paid (July 2017)	0.09969

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

Aconex Limited (ACX.ASX) and Finders Resources (FND.ASX) were both closed out during the month.

The 2% return on invested capital for the ACX trade was reflective of the market's confidence from the outset that the offer would succeed, with the tight spread and confidence justified when it was overwhelmingly voted in favour of by shareholders. To put the small gain in context, the return on capital annualised out to just shy of 10%, and is a good example of how the fund's strategy seeks out risk adjusted returns that other funds are not focussed on, or too slow or large to make the trade worthwhile.

We mentioned in the previous update that we had taken a small position in Finders Resources (FND.ASX) above the current unconditional offer price of \$0.23. When Eastern Field Developments declared the price of their bid 'best and final', the potential upside we had positioned for had seemingly disappeared. However, we were able to take advantage of some rather surprising trading below the takeover price to come out of the trade more or less even. This was a good result given the very limited risk nature of the initial trade. In this instance our desired outcome did not eventuate and yet there was no cost to the portfolio of participating in the trade despite its potential and favourable optionality.

Pleasingly, Mantra Group (MTR.ASX) received both a favourable ACCC decision and FIRB approval, clearing the way for the Scheme of Arrangement with Accor Hotels to proceed. Despite the lengthier than predicted timeline to financial close, the last remaining hurdle remains shareholder approval, which we are highly confident will be forthcoming early next month.

Murray Goulburn (MGC.ASX) saw a rally on the back of an increase in the initial distribution to be paid out of the Saputo transaction, and we took the opportunity to slightly reduce our exposure. ACCC approval was granted in early April after Saputo agreed to terms to divest the Koroit processing facility included in the \$1.3b transaction, and shareholders overwhelmingly voted in favour of the deal the next day. Although there's still some way to go until the transaction is fully completed, a favourable court ruling in the pending class action could see further upside realised. With an additional \$0.40 per share potentially on offer over and above the \$0.80 initial distribution, it's a deal we are monitoring with interest.

The remaining positions largely ebbed and flowed throughout the month as is typical of transactions with limited material events during the period and in aggregate provided a moderate negative drag to the portfolio. Whilst we would have liked some of our 'winning' positions for the month to have been larger overall, the portfolio continues to show potential strength and resilience irrespective of market conditions. We look forward to providing further updates over the coming months.

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.

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.