

	NTA
Unit Price - 31/08/2019	1.0764

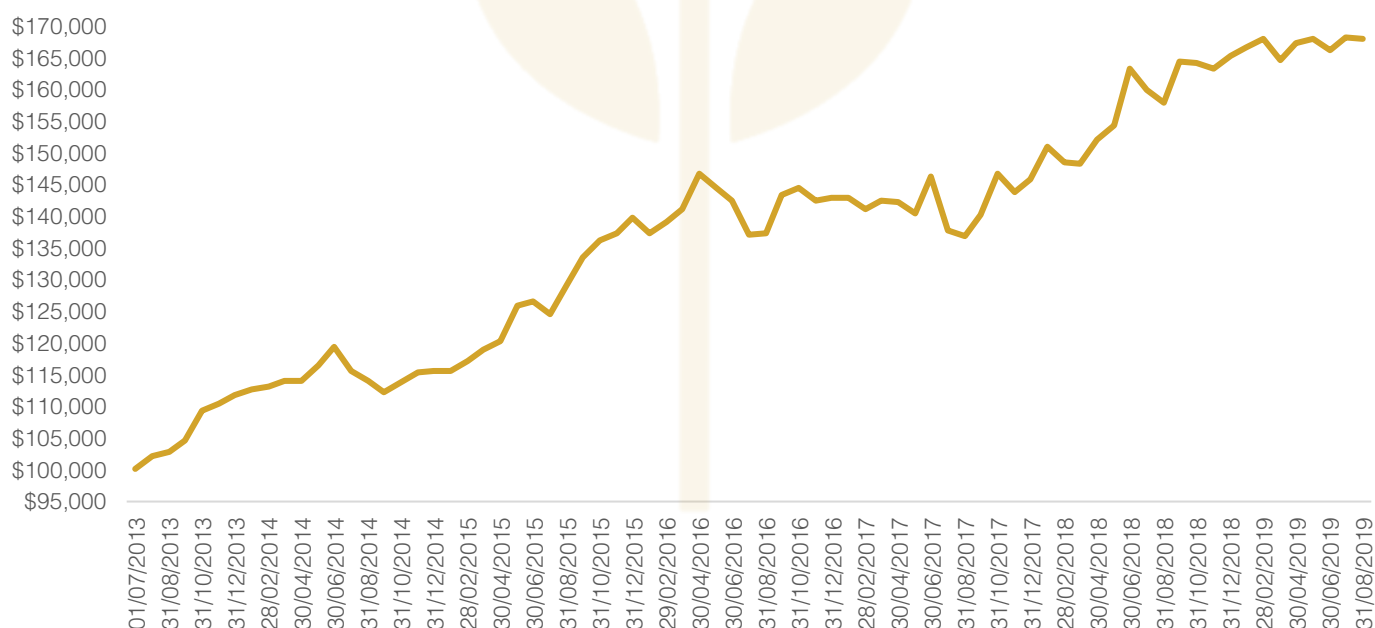
Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Cumulative return (since inception 01/07/2013)	67.88%	12.03%	55.85%
Trailing 5 year return p.a.	8.03%	1.77%	6.26%
Trailing 3 year return p.a.	6.91%	1.49%	5.42%
Trailing 12 month return	6.28%	1.40%	4.88%
Trailing 3 month return	0.02%	0.27%	-0.25%
Trailing 1 month return	-0.17%	0.08%	-0.25%

* 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%											1.06%

Growth of \$100,000 Since Inception



Manager Commentary

August saw equity markets hit as reporting season and macroeconomic factors combined to deliver a month notable for its volatility, including at one point the ASX300 down over 5% month to date. While the fund obviously does not benchmark itself against the equity market, it is notable that the fund's performance in August stood in stark contrast to the market's large gyrations. The Absolute Return Fund remained remarkably flat throughout the month and preserved capital with a -0.17% monthly return. This could well be a prelude to what happens when the broader equity market runs into difficulty.

We are seeing a large amount of deal flow and are enjoying the benefits of being somewhat spoilt for choice. The fund composition has changed markedly from the start of the month with ten new positions added, and we expect the current deals on hand to support strong performance in the months ahead.

One particular deal worth mentioning was Adamantem Capital's successful takeover of Legend Corporation Limited (LGD.ASX). The deal incorporated a substantial special dividend that released excess franking credits built up on the balance sheet. We are particularly fond of these sorts of transactions as they offer eligible investors an additional benefit without a commensurate increase in the risk profile of the trade. Several new deals announced this month (and a few existing positions) have also earmarked special dividends under their respective transactions to release franking credits. However, and to be clear, the fund does not seek to pay up for these franking credits; but they are of additional benefit to the fund's investors come tax time over and above our publicly reported returns.

A broad softening in share prices amongst some positions was largely offset by an increase in others, without any one position in particular having a large impact on performance. Nzuri Copper Limited (NZN.ASX) is awaiting regulatory approvals from the People's Republic of China before Chentung's \$0.37 offer can be implemented. The market's increasing concern about the transaction proceeding is well justified - there is a real risk the approvals will not be forthcoming. Our position sizing has helped to balance the risk/reward equation given the current returns on offer, should a favourable outcome transpire. Position sizing and constant re-appraisal of a deal's risk/reward is one of the critical elements of our active risk managed approach.

Last month we briefly outlined the optionality retained in the Xenith IP Group (XIP.ASX) and IPH Limited (IPH.ASX) transaction. The deal did in fact complete as expected but also benefitted us, providing a larger than expected scrip component of the cash & scrip consideration. XIP shareholders were to be issued scrip at a fixed ratio using an IPH share price of \$6.90. However, at the time of issue when the deal actually completed, the IPH share price was well north of \$8. Being issued a larger number of IPH shares than anticipated resulted in one of the better deals over the last twelve months.

MOD Resources Limited (MOD.ASX) was a deal that saw some weakness. The current offer from Sandfire Resources (SFR.ASX) contemplates a dual consideration structure; shareholders can elect to receive either cash or SFR shares for their MOD holding. Somewhat similar to the XIP/IPH transaction, the catch is that the cash consideration is capped, with any excess cash elections being scaled back and the balance paid in scrip. This has largely seen MOD trade in step with SFR, which itself saw considerable weakness in August. MOD's largest shareholder, Metal Tiger, has flagged its intention to elect scrip as consideration, reducing the amount of scale backs for shareholders electing the cash option. We remain fully hedged as if we were to be scaled to the maximum extent possible, however we do retain favourable optionality over our preferred consideration.

Ruralco Holdings Limited (RHL.ASX) saw progress in its planned scheme of arrangement with Nutrien as the ACCC announced that it would not object to the transaction proceeding. The transaction had been subject to competition concerns, with the ACCC initially citing 'concentration in key geographies should the deal complete'. Nutrien quickly got on the front foot and offered up asset sales to allay concerns, however the result was a nervous wait for investors while the ACCC deliberated. Just to add to the uncertainty, a media article surfaced in The Australian the day before the decision was due suggesting that the deal was set to be blocked. However, ultimately the ACCC decided that it would not oppose the scheme of arrangement and the deal was waved through with shareholders to vote in early September.

Manager Commentary Continued

A large fully franked dividend had been offered as part of the transaction, and in rare circumstances, we were unable to fully capitalise as we normally would. Uncertainty regarding how the ACCC might rule had initially limited our ability to establish a full-size position and following the announcement of its decision there was not enough time to add to our holding whilst also ensuring that the additional shares purchased would be held "at risk" for at least 45 days. So, whilst we are pleased with the favourable outcome and a decent return excluding the value of the franking credits, we are not quite as pleased as we might have been with a little more time up our sleeve following the decision!

Echo Resources Limited (EAR.ASX) was the beneficiary of corporate action within the gold space. The company set the market abuzz when it entered a trading halt pending receipt of a change of control transaction. Largest shareholder Northern Star Resources (NST.ASX) was singled out as the most likely bidder, whilst it was also noted that debt advisors PCF Capital had recently won a mandate from a large Chinese firm to go out and find up to \$1b worth of opportunities in the Australian gold sector. Northern Star emerged as the bidder several days later, offering \$0.33 cash per EAR share under a friendly takeover offer. The offer comes at a decent premium to the undisturbed share price however, it has not gone without notice that market commentary suggests NST is getting itself a good deal. The offer is subject to a minimum acceptance of 90% (a threshold that would ordinarily allow a bidder to move to compulsory acquisition), and while it remains early days in the offer, we can't rule out a potential sweetener down the line to seal the deal.

We are extremely positive in regards to the fund's prospective returns in the coming months and believe it is a prospective time to invest additional capital with us, should investors be so inclined and it be appropriate for their overall strategy. The large number of deals we are seeing at the moment has us genuinely excited, and there is significant opportunity to put realised profits straight back to work and let compounding work its magic.

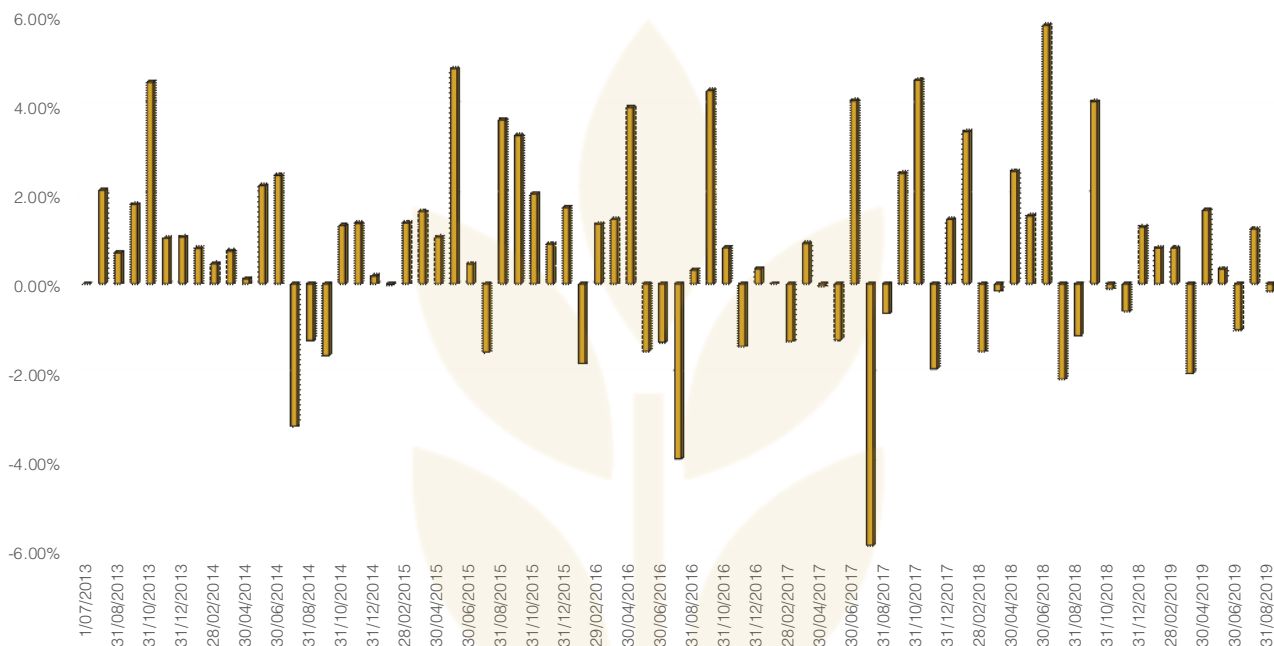
Kind Regards,

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	9.00%
Average Monthly Return (since inception)	0.72%
% Positive Months	64.86%
Best Positive Month	5.78%
Worst Negative Month	-5.84%
Maximum Drawdown	-6.72%
Annualised Standard Deviation	7.34%
Sortino Ratio	1.890
Sharpe Ratio	1.048
Correlation with ASX200 Accumulation Index	0.019
Beta	0.013
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 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 26 November 2018 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.