



2025 Year In Review





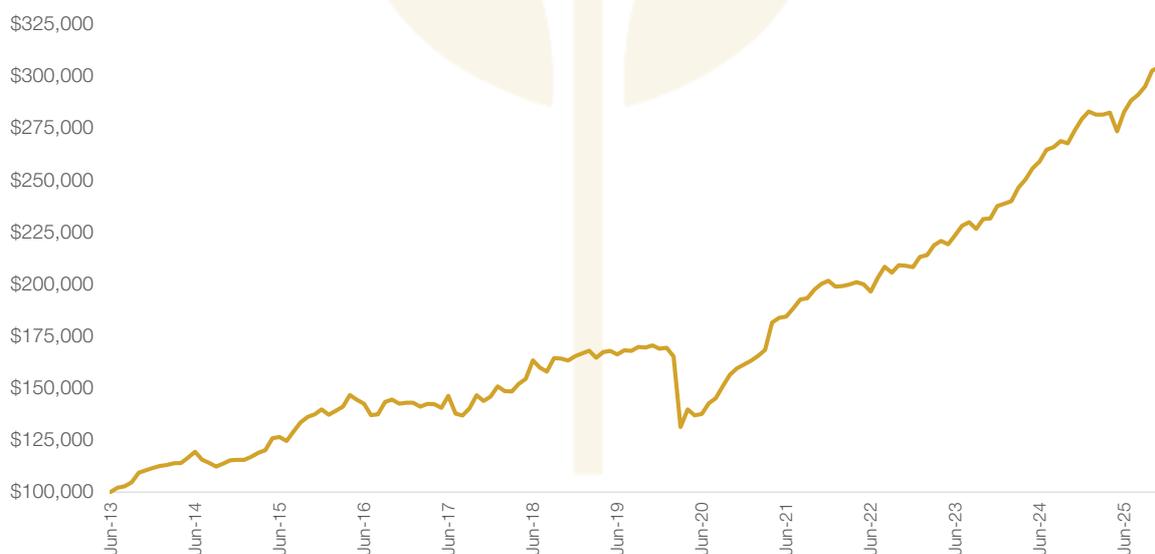
Absolute Return Fund 2025 Year In Review

Investment Returns (net of fees)*

	Harvest Lane Absolute Return Fund	RBA Cash Rate	Outperformance
Annualised return (since inception 01/07/2013)	9.33%	2.11%	7.22%
Trailing 5 year return p.a	13.57%	2.70%	10.87%
Trailing 3 year return p.a	13.56%	4.03%	9.53%
Trailing 12 month return	9.11%	3.83%	5.28%
Trailing 3 month return	3.32%	0.90%	2.41%
Trailing 1 month return	0.14%	0.30%	-0.16%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
CY13							2.10%	0.70%	1.78%	4.51%	1.02%	1.05%	11.64%
CY14	0.80%	0.45%	0.73%	0.11%	2.20%	2.43%	-3.18%	-1.26%	-1.61%	1.31%	1.35%	0.18%	3.42%
CY15	-0.02%	1.36%	1.62%	1.05%	4.82%	0.45%	-1.53%	3.67%	3.32%	2.01%	0.90%	1.71%	20.98%
CY16	-1.78%	1.34%	1.45%	3.94%	-1.51%	-1.30%	-3.91%	0.31%	4.33%	0.81%	-1.40%	0.34%	2.32%
CY17	0.00%	-1.29%	0.91%	-0.06%	-1.26%	4.10%	-5.84%	-0.66%	2.47%	4.56%	-1.90%	1.45%	2.06%
CY18	3.41%	-1.52%	-0.16%	2.52%	1.52%	5.78%	-2.13%	-1.16%	4.08%	-0.11%	-0.62%	1.27%	13.30%
CY19	0.80%	0.81%	-2.01%	1.65%	0.34%	-1.03%	1.23%	-0.17%	1.10%	-0.15%	0.61%	-0.94%	2.19%
CY20	0.27%	-2.42%	-20.52%	6.37%	-2.02%	0.50%	3.75%	1.66%	4.06%	3.61%	1.94%	1.18%	-4.48%
CY21	1.10%	1.46%	1.73%	7.83%	1.23%	0.34%	2.11%	2.27%	0.33%	2.13%	1.39%	0.76%	24.95%
CY22	-1.40%	0.12%	0.42%	0.57%	-0.55%	-1.74%	3.31%	2.69%	-1.38%	1.76%	-0.13%	-0.30%	3.26%
CY23	2.36%	0.41%	2.21%	0.93%	-0.71%	2.00%	2.00%	0.76%	-1.40%	2.11%	0.13%	2.55%	14.08%
CY24	0.49%	0.53%	2.68%	1.58%	2.12%	1.28%	2.24%	0.45%	1.11%	-0.42%	2.28%	2.04%	17.64%
CY25	1.31%	-0.55%	0.00%	0.33%	-3.20%	3.40%	1.97%	0.99%	1.36%	2.55%	0.61%	0.14%	9.11%

Growth of \$100,000 Since Inception (assuming reinvestment of distributions)*

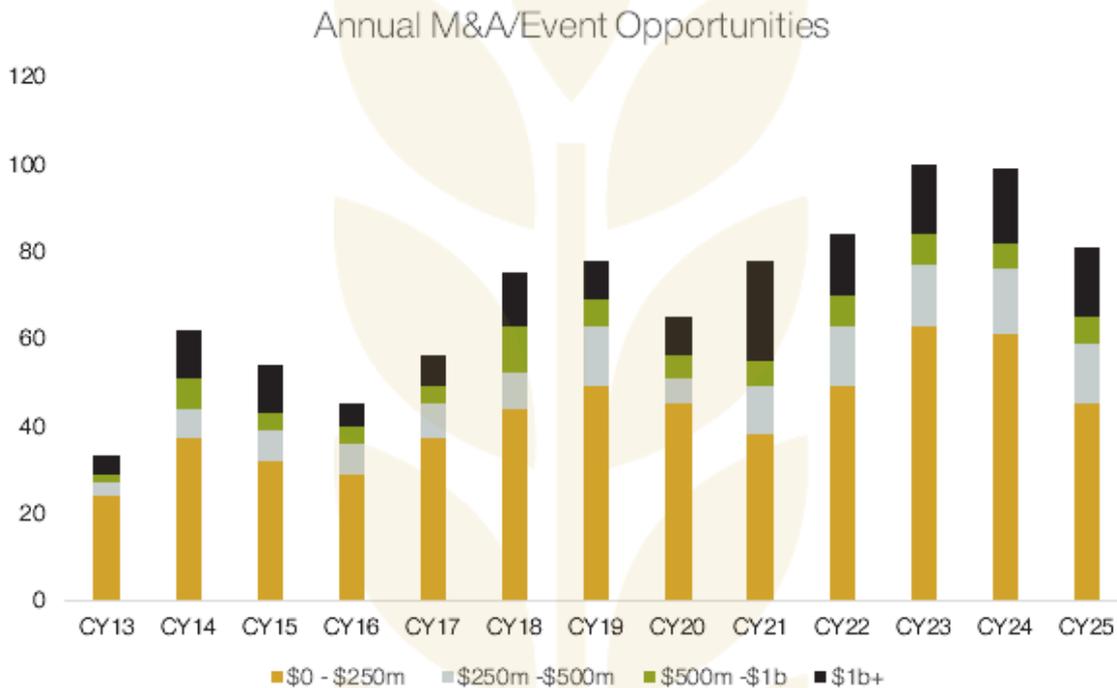


* Past performance is no indication of future performance. Investments may rise and fall in value and returns cannot be guaranteed. Returns are based on the mid-point of unit prices and are net of all fees and charges. Unless otherwise stated, all figures are in Australian dollars and include GST. Return calculations covering a period greater than 12 months are annualised and assume the reinvestment of distributions.



Manager Commentary

It was another busy year for the Fund and the strategy as a whole. Across the board we saw more than 80 new opportunities present with a handful spilling over from 2024. We were unwavering in our selectivity and participated in just under two thirds of them to help the Fund return 9.11% for the calendar year.



There were plenty of media headlines capturing the larger ticket deals, but once again the fallibility of the non-binding indicative offer (“NBIO”) saw many of the larger transactions fail to convert to a binding deal. Had the ADNOC transaction stuck, the acquisition of Santos Limited (STO.ASX) would have been the largest cash takeover of an Australian company on record (following Blackstone’s acquisition of Airtrunk in 2024 but behind Block’s scrip acquisition of Afterpay in 2021). Instead, the deal failed to even get off the starting blocks when it was spectacularly withdrawn to the market’s surprise. Similar NBIOs for AUB Group (AUB.ASX, \$5b) and Abacus Storage King (ASK.ASX, \$2b) failed to fire, highlighting the need for caution in the non-binding stages of a deal lifecycle.

The conversion rate was otherwise great once binding documentation was signed. With the exception of Xref Limited (XF1.ASX), where shareholders voted the deal down, and Mayne Pharma (MYX.ASX, more below), deals sailed through without issue. As company Boards, bankers, lawyers, and advisers all familiarised themselves with the new ACCC regime introduced from Jan 2026, the regulator proved it remained commercially minded when it rubber stamped DP World’s acquisition of Silk Logistics (SLH.ASX) despite two “red” lights and an “amber” in its Statement of Issues.

Contested or sweetened deals once again showed why the Australian M&A market is so favourable for our strategy, with almost 28% of the opportunity set attracting at least one higher offer and 11% with three or more. 32% of the opportunities we participated in benefitted from an increase. While a small increase on the opportunity set average in absolute terms, a large portion of the excess returns of the strategy are concentrated in these contested situations. Maximising the portfolios exposure to these opportunities can add outsized relative contribution to overall returns. It ratifies our process and ability to capture the alpha in the strategy.



Manager Commentary

It should come as no surprise, then, that the years returns were largely driven by a healthy handful of contested situations. Not even an hour had passed after Pointsbet Holdings Limited (PBH.ASX, **+3.45%**) announced a binding deal with MIXI, Inc when Betr Entertainment (BBT.ASX) announced it had made its own competing offer, setting in motion an eight month tussle that saw multiple increased offers from both bidders. To Betr's credit, they put up one hell of a fight against the much larger MIXI despite the latter passing the control threshold. They lined up funding in excess of their entire market capitalisation, acquired a blocking stake, and introduced a novel transaction structure to mimic a "mix and match" type of offer consideration usually limited to schemes of arrangement. Starting at MIXI's \$1.06 conditional scheme, we ultimately tendered our holding into Betr's offer and subsequent selective buyback to crystallise \$1.40 per share in value.

May saw three deals in the copper space within a week, leading us to think that at least one was ripe for a contest. We thought Xanadu Mines Limited (XAM.ASX) was the most logical candidate but it was New World Resources Limited (NWC.ASX, **+2.83%**) that saw all the action. Much like Pointsbet, New World started as a friendly scheme with Central Asia Metals PLC (CAML) at \$0.05 per share. Canadian private equity outfit Kinterra Capital subsequently bought aggressively on market and then lobbed its own offer. This one was decidedly quicker and still saw nine bids in total with Kinterra emerging victor at a final price of \$0.067 per share.

Notable other contributors included Warriedar Resources Limited (WA8.ASX, **+3.16%**) and Peak Resources Limited (PEK.ASX, **+1.06%**). In both instances, and despite the substantial control premiums offered, we were active in negotiations between bidders and dissenting shareholders to successfully achieve more equitable outcomes.

The main detractors for the year were more limited, namely shareholders (surprisingly) voting down the Xref Limited (XF1.ASX, **-0.95%**) and Mayne Pharma Group Limited (MYX.ASX, **-3.34%**), discussed in more detail below.

Little "a" Activism for an Improved M&A Market

We often remind investors that we are active participants in the strategy; that the best returns are not achieved with a "set and forget" passive approach. Our preference, where possible, is to remain out of the public spotlight, however there are moments whereby to achieve the best outcome, not only for a particular transaction but the M&A market as a whole, public activism is what's required. 2025 brought about a handful of such occasions.

In Dropsuite Limited (DSE.AX) we made an application to the Takeovers Panel alleging unacceptable circumstances from a substantial shareholder. In short, we occasionally see shareholder support flagged alongside agreed schemes of arrangement. They're usually phrased as "x shareholder intends to vote in favour of the scheme" but it's always been a bit of a grey area as to whether they are permitted to sell shares prior to voting on the scheme a few months later. If it was a takeover offer structure, they would be compelled to accept for their stated position under Truth in Takeovers unless explicitly qualified. Normally a shareholder providing an intention statement under a scheme won't turn around and sell shares, so we hadn't had a meaningful test case until Dropsuite.

Topline held 33% of Dropsuite and flagged its support for the scheme without reserving a right to sell. Unbeknownst to the market, they sold 11% from the day the deal was announced and only disclosed it a month later (blatantly breaching disclosure rules), and by the time we got our Panel Application in they revealed they had sold a further 10% (!) to be left holding only 10% of the company – less than 1/3 of what they'd started with. From our perspective it was a pretty flagrant breach of the spirit of Truth in Takeovers (something we have ourselves always complied with in certain prior transactions). The Takeovers Panel agreed and restricted Topline from selling any more shares and so too, compelled them to vote their remaining stake in favour of the scheme.

We'd hoped for a ruling that Topline would have to buy back the shares they had sold (and rightly so) but the Panel



Manager Commentary

Panel thought it too punitive. At the very least, we now have a precedent as to how these statements will be policed going forward. There have been a number of schemes announced since our Panel Application that reference shareholder support, all but one of which have been appropriately qualified.

We were also publicly outspoken in Mayne Pharma Group Limited (MYX.ASX), where the bidder, Cosette Pharmaceuticals, got cold feet and attempted to walk from the deal. Again, and despite being the dominant transaction structure, our view is that schemes of arrangement fall short in offering target shareholders equivalent protections to those afforded under Takeover Offers. The unknown outcome of a court-led process to resolve a dispute under a scheme, rather than an application to, and orders from, the Takeovers Panel (as would be the case for a takeover), may prove enough to deter a target Board from looking to enforce its contractual rights, thereby allowing the bidder off the hook. In 2020, CML Group (EPY.ASX) did exactly this, and we have since been intent on agitating for improvements to the M&A framework for schemes, to avoid a repeat of that scenario.

We went public in our views as to why Cosette was acting in bad faith (and many of those reasons were later affirmed in Justice Black's judgement against Cosette), and in the later stages wrote to the Australian Treasurer when regulatory intervention reared its head. All the while, we liaised privately with Mayne, advisers, M&A lawyers, ASIC, and the Takeovers Panel.

Despite Justice Ashley Black delivered a comprehensive verdict against Cosette and the Takeovers Panel making a landmark intervention into a scheme of arrangement (something it has historically been reluctant to do) to declare Unacceptable Circumstances, the Treasurer ultimately blocked the transaction on spurious "national interest" grounds.

The end result may be a case of losing the battle but winning the war. Justice Black's ruling unequivocally increases deal certainty and sets a very high threshold for a bidder to walk from its contractual obligations. The Takeovers Panel's willingness to intervene in a scheme of arrangement is a pivotal moment in what we hope will be a narrowing in the divide of shareholder protections between differing change of control transaction structures. We expect that the lack of transparency in, and open abuse by a bidder of, the FIRB process will not go unnoticed by target Boards and legal counsel in the drafting of future scheme documents. All of which should provide positive for the strategy longer term.

Looking ahead, the M&A pipeline remains buoyant and the portfolio has already benefitted from a number of recently announced transactions. We remain confident of our prospects for the year ahead and look forward to providing you with further updates in due course.

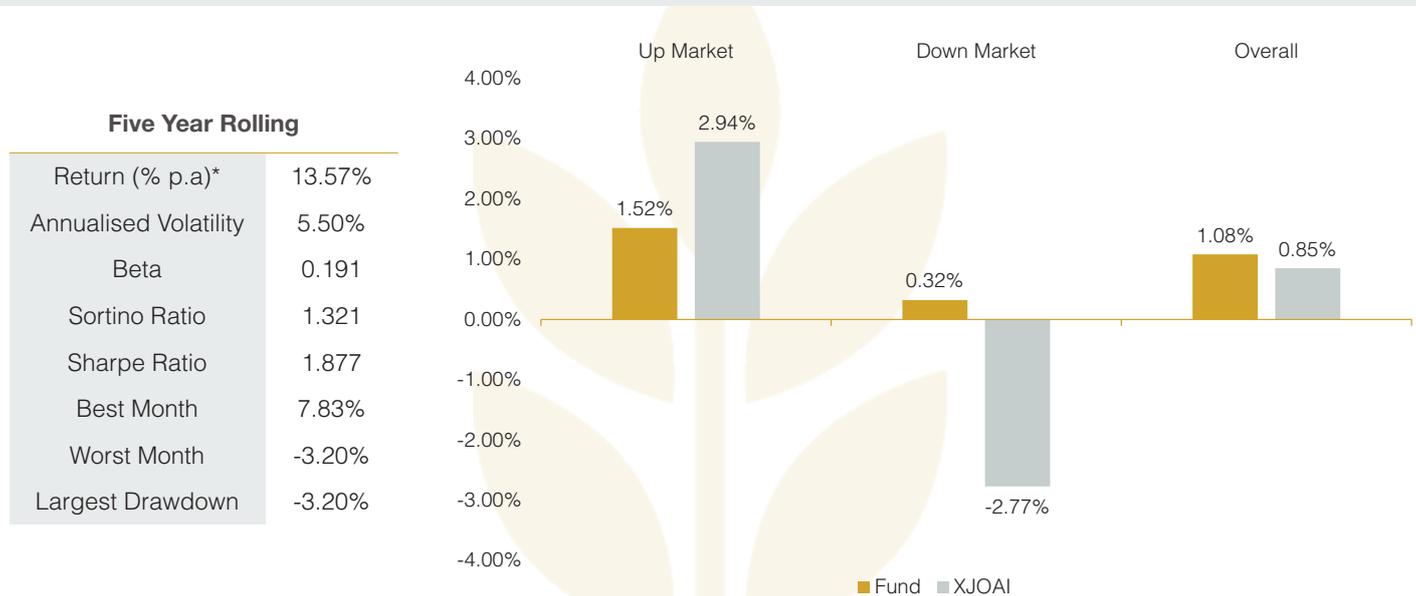
Kind regards,

Luke Cummings and Ben Bailey

Chief Investment Officer and Portfolio Manager, respectively (on behalf of the team at Harvest Lane Asset Management).



Trailing Data and Capture Analysis (Five Year Rolling)*



Fund Facts

Name	Absolute Return Fund
ARIP	FHT0042AU
Structure	Retail daily priced unit trust
Inception	Monday 1 July 2013
Investment Objective	RBA Cash Rate + 6-8% (over 3 year period)
Management Fee ¹	Capped at 1.125%
Performance Fee ²	25% (incl GST) of returns above RBA Cash
High Water Mark	Yes
Applications/Redemptions	Daily
Distributions	Annual
Responsible Entity	Equity Trustees Limited
Administrator	Apex Fund Services
Auditor	Ernst & Young
Custodian	Barrenjoey Markets Pty Ltd

Portfolio Analytics (Since Inception)

Average Full Financial Year Return ³	9.68%
Average Monthly Return (since inception)	0.78%
% Positive Months	71.33%
Best Positive Month	7.83%
Worst Negative Month	-20.52%
Maximum Drawdown	-22.44%
Annualised Standard Deviation	9.06%
Sortino Ratio	1.071
Sharpe Ratio	0.828
Correlation with ASX200 Accumulation Index	0.448
Beta	0.307
FY25 Distribution	0.1275

¹ The Management Fee is used to pay the Fund's expenses (and not in addition to) such as administration, responsible entity, custody, and audit fees.

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 - 30/06/2025) and does not include returns for the current financial year.

* 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 are annualised and assume the reinvestment of distributions.



Why Choose Harvest Lane Asset Management?

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 select merger arbitrage opportunities and other corporate events 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 prefers to be remunerated via performance fees on returns above the RBA Cash Rate. Management fees go to pay ongoing costs and expenses of the Fund, such as administration, responsible entity, custody, and audit fees, and is not charged in addition to Fund expenses. 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.

Target Market Determination

The Fund's Target Market Determination is available [here](#). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

Disclaimer

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Harvest Lane Asset Management Absolute Return Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). Harvest Lane Asset Management Pty Ltd (Harvest Lane AM) ACN 158 314 697 is the Investment Manager of the Fund and a Corporate Authorised Representative No. 433046 of Harvest Lane Capital Pty Ltd (Harvest Lane Capital) AFSL 425334. This publication has been prepared by Harvest Lane AM, to provide you with general information only. In preparing this publication, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Equity Trustees, Harvest Lane AM, Harvest Lane Capital nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. A copy of the PDS is available here www.harvestlaneam.com.au.