Fund Overview

King Tide Asset Management Limited (King Tide, or KTAM) is a specialist and independent investment management company based in New Zealand, and the manager of the King Tide NZ/Australian Long/Short Equity Fund (the Fund). • The Fund seeks to generate at or above equity market returns with lower volatility by investing in the best long/short equity managers in Australasia. We research and select managers who employ risk based strategies to extract gains from the divergent sectors in the Australasian markets, where there is very little hedge fund activity. King Tide's management committee and board have more than 90 years combined experience in capital markets and fund selection • We apply in-depth quantitative research which is overlaid by comprehensive qualitative analysis of each fund we select • We constantly monitor existing and new funds, making changes as we see fit • We believe in 'skin in the game' and all of our managers are large investors in their own funds • In keeping with this principle, King Tide personnel are the largest investors in the King Tide Fund. King Tide has a simple, transparent , and tax effective "PIE" structure, making it appealing to NZ and offshore investors alike.

			KT NZD	Benchmark
Fund size	NZ$18.3m			
Inception Date	January 1, 2012	**1 Month**	-3.82%	-1.96%
Unit Price	1.322750	**6 Month**	5.25%	-4.82%
Since Inception p.a.	6.2%	**1 Yr**	14.18%	-6.54%
Benchmark	90% All Ords Accum/10% NZX50	**2 Yr p.a.**	13.80%	1.84%
Application	Monthly	**3 Yr p.a**	8.85%	0.64%
Liquidity	Monthly with 35 days notice	**Annualised SD**	7.62%	11.02%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	**Beta**	0.48	1.00
Performance fee	10% with high water mark	**Largest monthly loss**	-3.82%	-6.26%
Administration	Adminis	**Sharp Ratio (RFR=RBA cash)**	0.55	0.32
Legal Counsel	Minter Ellison Rudd Watts	**Avge Return in Market Positive Mths**	1.59%	2.48%
Auditor	PWC	**Avge Return in Market Negative Mths**	-1.37%	-3.01%

Monthly Performance Review

February was King Tide's worst monthly result, with a fall of -3.82% versus the benchmarks -1.96%.

The month end returns from NZ and Australian equities bely the volatility which occurred, in particular, in the Australian market. Between the 1st and 12th of February, the All Ords Accumulation Index fell -5.4%, then over the next ten days rose +5.3% before once again turning down into month end. Global equities followed a very similar pattern, falling -6% in the first two weeks of February before recovering 5.6% in the second half.

When you see such strong similarities (correlations) across global equity markets, you know that the predominant drivers are 'macro-economic' factors, that is things which impact investor confidence/perception at a high level, which in January and February were, China's GDP growth, commodity demand/prices, bank solvency and central bank policy.

What complicated matters was that February is also reporting season in many countries, and certainly in NZ and Australia. This is generally a time when we would expect our funds to outperform, given their ability to focus on and understand company fundamentals rather than any other form of portfolio construction (momentum, index etc).

This was not to be. What occurred in the Australian market was a strong and sharp 'reversal' out of high quality, high PE growth stocks and into low quality, low growth, but value stocks. Bennelong manager Dick Fish, a man of few words, summed it up, "they just got too cheap". Simple as that. The widely owned high growth stocks were sold and the low quality, low growth stocks which had been under-owned and short sold, were bought.

Macquarie runs a factor analysis using quantitative factors such as Return on Equity (ROE) to rank stocks in the ASX200. In February, if you were long the highest ROE stocks, and short the lowest ROE stocks, you would have lost -14.3%.

Further, and related, the sharp spike in the iron ore price was the catalyst for this reversal to extend to the mining and mining services sectors. With the iron ore price moving from $38 in mid-January to $49 at the end of February and then to $68 on March 8th, many stocks which had genuinely looked in serious trouble were suddenly back in business. Price moves were extreme, exaggerated by the unwinding of underweight and short positions, leading to what is known as a 'short squeeze'.

A short squeeze occurs when stocks which have been heavily shorted start to move up in price. Managers move to cover their positions (buy back stock), which of course creates excess demand. A great example is Boart Longyear, a mining exploration and services business, which jumped 83%, despite the fact that they didn't announce their results until February 29th, after which they fell -15%. As a result of the sharp reversal across most sectors of the Australian market, many active managers found February particularly tough.

On our database of 54 Australian based funds, only 7 funds beat the market, and only 5 of them made money. Looking at active long only managers, the results are similar. Despite the NZ markets +0.9% return, most NZ based Australasian funds, both long only and long/short lost money in February.

King Tide's underperformance of its benchmark (-1.8%), is our worst relative return month (that is, relative to our benchmark) since April 2013. It is worth noting that our benchmark was down -1.96% whereas a 50/50 NZ/Australian equity benchmark, which is the correct benchmark for most NZ based Australasian funds, was down only -0.24%.

Months like February are going to happen. What is of some comfort to us is that we absorbed a good deal of underlying manager volatility and remained relatively intact. In February, one of our underlying managers fell -19.7%, and two others fell around -6%. Only one underlying fund made money, yet we delivered a relatively in-line result versus our competitors.

To achieve our objective of significant outperformance of markets over time we are willing to accept that month on month we will sometimes lose. There is no way we can deliver monthly outperformance. However, in the eighteen months since we began, when the market has been down, we have outperformed in 15 of those months, and two of those underperforming months occurred in our first year.

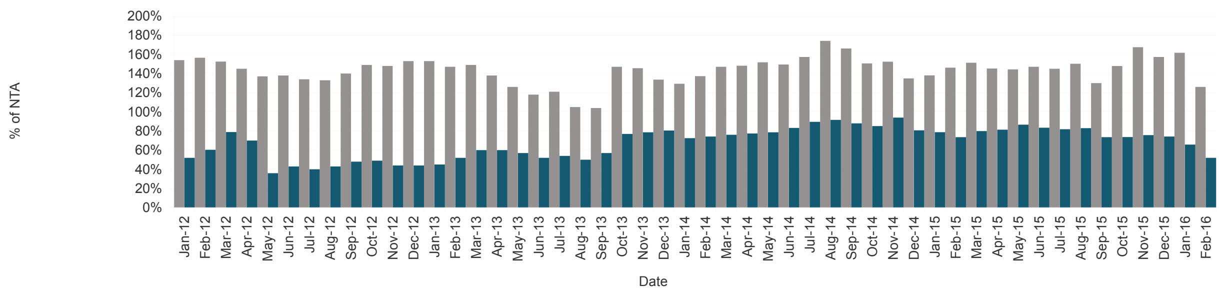
In March, I met with all of our Australian based managers and some new. These regular visits to Australia are an important part of our ongoing monitoring and research process.

King Tide - Fund Performance vs. Benchmark (Net of Fees)

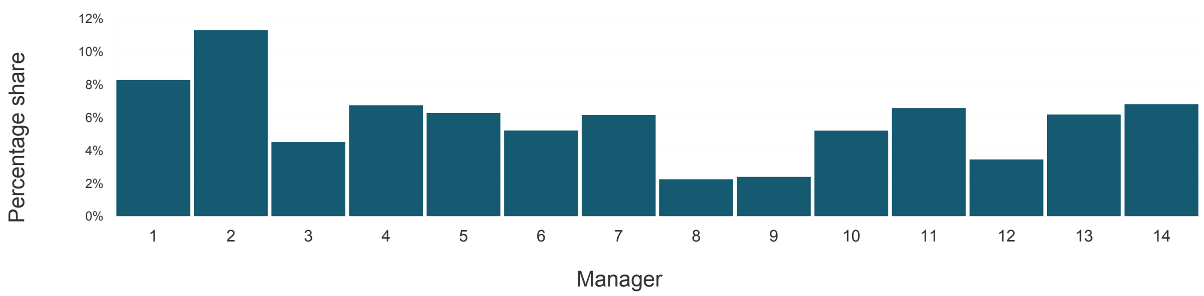
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	-1.73%	-3.82%											**-5.49%**
Blended Benchmark*	-3.05%	-1.96%											**-4.95%**
2015	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
King Tide NZD	2.99%	3.40%	0.60%	0.82%	3.25%	0.00%	3.09%	0.50%	1.32%	2.26%	5.07%	2.27%	**28.65%**
Blended Benchmark*	4.91%	3.25%	-1.38%	0.34%	3.94%	-0.07%	1.67%	-6.04%	-4.34%	1.11%	3.34%	0.19%	**6.50%**
2014	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
King Tide NZD	-0.46%	1.81%	1.63%	0.55%	2.54%	-1.46%	3.27%	4.00%	-1.02%	1.15%	-2.99%	-1.10%	**7.95%**
Blended Benchmark*	-2.40%	3.02%	0.83%	2.16%	1.96%	-2.86%	5.53%	2.72%	-5.04%	4.59%	-6.26%	-1.10%	**3.02%**
2013	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
King Tide NZD	-0.73%	-0.23%	1.09%	-2.16%	-2.41%	-3.30%	-1.03%	4.04%	1.00%	4.44%	-1.56%	-1.53%	**-2.67%**
Blended Benchmark*	3.74%	3.06%	0.10%	1.32%	-4.72%	-3.76%	0.51%	4.29%	0.28%	5.69%	-3.28%	-2.19%	**4.49%**
2012	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
King Tide NZD	0.29%	2.61%	-2.09%	-0.45%	-2.75%	-2.23%	1.16%	1.19%	-0.74%	1.83%	1.63%	0.15%	**0.44%**
Blended Benchmark*	2.74%	1.92%	0.38%	1.72%	-5.40%	-0.89%	5.33%	1.55%	-0.09%	3.70%	1.18%	2.19%	**14.85%**

***90% All Ordinaries Accum/10% NZX50**

Gross and Net Exposure (% of Net Asset)



Manager Weightings: % Share of total King Tide capital



Note: An updated version of our prospectus and investment statement are both available on our website.
King Tide's performance is expressed in NZ dollars, and currency fluctuations may significantly impact on the volatility of the fund. In July 2013, the manager changed the investment mandate to allow currency hedging to be used to manage this currency risk. The Manager will actively manage the Fund's Australian dollar exposure with a view to reducing risk and enhancing returns to our investors.