

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 KTAM NZ/Australian Long/Short Equity Fund (the Fund). • The Fund aims to provide local and international investors with diversified, active exposure to Australian and New Zealand equity markets through allocating capital to a select group of funds domiciled in these markets • We research and select from more than fifty risk-based equity funds operating in Australasia, and allocate capital to between eight and fifteen of them • We constantly monitor existing and new funds, making changes as we see fit • The Fund's investment objective is to achieve positive absolute returns over any rolling three to five year period irrespective of market trends • We believe that minimising losses is central to growing your wealth over time • We also 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 Directors are the largest investors in the Fund • King Tide has a simple and transparent structure, with strong administration and compliance

Fund Facts		Fund Performance			
Fund size	NZ\$11.1m		KT NZD	KT AUD	Benchmark
Inception Date	January 1, 2012	1 Month	3.40%	7.05%	2.46%
Min. Investment	NZ\$10,000	3 Month	5.31%	10.63%	6.45%
Unit Price	1.14	6 Month	2.29%	10.67%	-1.11%
Annualised Return	3.72%	1 Yr	13.42%	16.95%	7.57%
Benchmark	90% XJO/10% NZX50	2 Yr p.a.	6.28%	16.22%	0.31%
Buy/sell spread	0.25% on application and redemption	Inception p.a.	3.72%	11.71%	5.41%
Liquidity	Monthly with 35 days notice	Annualised SD	7.33%	6.68%	11.58%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.45	0.40	1.00
Performance fee	10% with high water mark	Largest monthly loss	-3.30%	-3.90%	-6.84%
Administration	Adminis	Sharp Ratio (RFR=RBA cash)	0.17	1.38	0.25
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.34%	1.55%	2.65%
Auditor	PWC	Avg Return in Market Negative Mths	-1.30%	-0.27%	-2.96%

Monthly Performance Review

King Tide rose +3.40% net of fees in February versus our benchmark's +2.46%. Over one year, KT has risen +13.4%, beating our benchmark by 5.9%. We have outperformed by the same margin over two years (p.a.), but still lag from inception.

The volatility of our returns since inception has been 7.3% p.a., versus the benchmark's 11.6% p.a. This reflects KT's ability to protect capital in down markets. Our average loss in down markets is -1.3% versus the benchmark's -3.0%.

The Australian share market continued its strong run in February, led by Materials (+11.9%), Energy (+9.2%), Utilities (+7.8%) and Consumer Discretionary (+7.7%). The ASX200 rose +6.1%, outperforming the NZ market's +2.3% (note that +1.14% of this gain came from Xero's 58% jump on the back of a capital injection from US investors).

The NZ dollar rose +3.5% against the AUD as the two economies continue to diverge. The stronger Kiwi meant the returns from Australian equities for a NZ investor were +2.48%.

The stronger Kiwi continued to impact on our returns, costing the fund -1.7% in February. At month end we had lifted currency cover to just over 50%. While it seems the wrong way around to add cover as the Kiwi climbs, the news flow for the two countries continues to favour NZ. Strong housing and immigration are driving our economy, and support the RBNZ's stance of holding interest rates. At the same time, the RBA are expected to follow last months 0.25bps easing with another, taking the cash rate to 2.0% versus our 3.5%.

February was a stand-out month for King Tide. We would normally expect to lag a strongly rising equity market, and in fact most of our manager returns were in our expected range.

The two exceptions which accounted for KT's outperformance, were our two Regal funds, Atlantic and Australian Long/short equities, which rose 20.7% and 10.2% respectively. These were outstanding results, with both managers carrying significant short exposure. Even when you take account of net exposure of 198% for Atlantic and 109% for ALSE, their results cannot be explained by leverage alone, and show the strong stock picking skills of the investment team, led by Phillip King.

Of the other twelve funds, those which invest principally in the larger end of the market generated returns between 1.9% and

4.7%. Small cap specialists were up around 6% to 7% versus the small cap index which rose 8.2%. Two managers returned less than 1%, and another just under 2%, significantly lower than the market.

We were generally pleased with these results. A strongly rising market can be very difficult for long/short managers, with low quality businesses often rallying as much if not more than high quality stocks.

A good example of this was Toll Holdings, which reported a poor result in February, but was bid for by Japan Post on the same day at a 50% premium to its market price. The offer was unanimously accepted by the Toll board!!

Watermark, which runs a market neutral strategy was short Toll, and as a result was our worst performing manager in February (+0.7%). Takeovers are always a risk for short sellers, and is one of the reasons most managers carry much smaller weightings in their short positions than in their longs.

Fortunately, both Regal funds were long Toll shares and any loss we felt from Watermark's exposure was more than offset by these two funds.

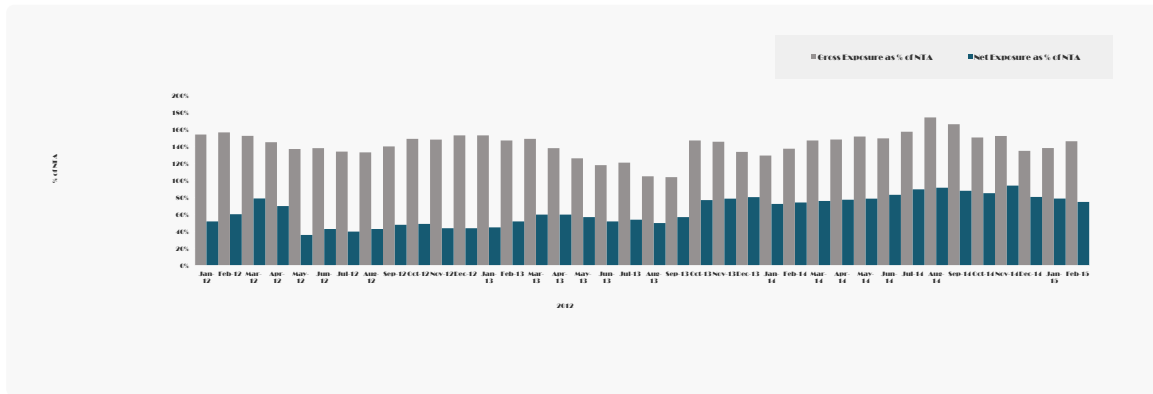
You may ask how two supposedly smart managers can be on opposite sides of the same trade. This happens frequently and there is no one answer as to why. Sometimes it comes down to different investment strategies. A manager running an equally weighted long/short book (market neutral) may hold one position to offset another. A position may be a short term position in one book and a long term hold in another. Sometimes managers get it wrong. It is not an easy game.

Manager market expectations are mixed going forward. Wavestone note that despite a reasonable reporting season, aggregate earnings have not increased, making the Australian market appear stretched at 16x PE for 2015. Regal still cites very low interest rates and a weak AUD as key drivers for equities, but Aspiring are increasingly wary of the exuberance in equity markets. Most managers do not comment on their market view, but we are seeing cash weightings creep up, which is a sure sign that value is becoming more difficult to find.

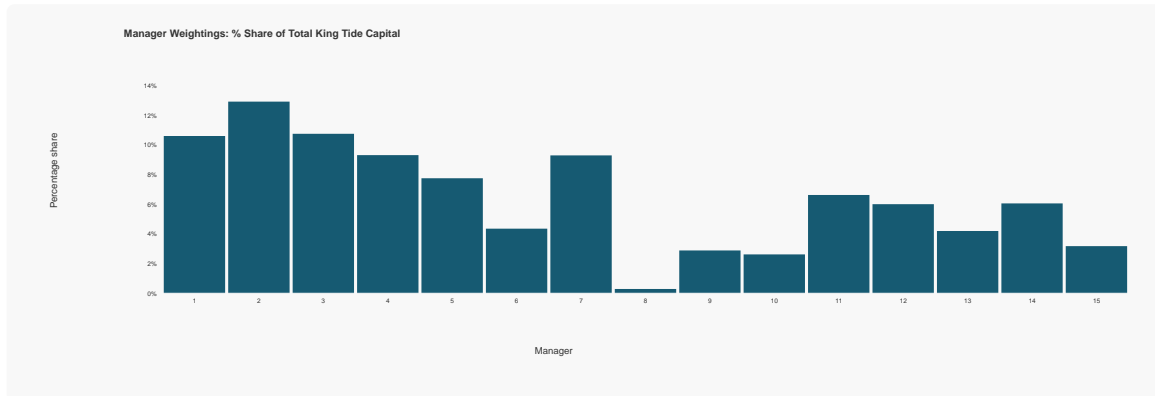
In March we are making one change to the portfolio shifting from Watermarks unlisted unit trust to their listed fund which is trading at a 10% discount.

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

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%
King Tide AUD	2.71%	2.98%	-0.76%	-1.09%	-3.90%	-1.29%	-0.47%	1.97%	2.00%	1.06%	0.84%	1.17%	5.12%
Blended Benchmark	1.01%	0.51%	0.12%	2.00%	-5.75%	-0.71%	5.80%	0.64%	-0.52%	3.69%	0.72%	1.96%	9.43%
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%
King Tide AUD	0.65%	0.29%	0.33%	0.59%	-1.78%	-1.90%	4.03%	1.88%	3.59%	2.47%	0.48%	1.72%	12.85%
Blended Benchmark	3.61%	3.83%	-1.53%	1.93%	-5.36%	-3.67%	0.28%	3.42%	-0.38%	5.73%	-3.77%	-2.47%	0.94%
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%
King Tide AUD	-0.22%	3.53%	1.29%	-0.34%	0.86%	0.26%	1.71%	1.79%	-1.29%	0.32%	1.01%	2.36%	11.79%
Blended Benchmark	-2.64%	2.41%	0.43%	2.57%	1.45%	-3.17%	5.45%	1.94%	-5.04%	5.00%	-6.84%	-1.18%	-0.44%
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	2.99%	3.40%											6.49%
King Tide AUD	0.96%	7.05%											8.07%
Blended Benchmark	5.13%	2.46%											7.72%



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.

