King Tide Asset Management

Monthly Performance Summary - March 2016

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.

Fund size	NZ$19.4m		KT NZD	Benchmark
Inception Date	January 1, 2012	1 Month	1.54%	7.31%
Unit Price	1.343077	6 Month	5.47%	6.77%
Since Inception p.a.	6.4%	1 Yr	15.25%	1.70%
Benchmark	90% All Ords Accum/10% NZX50	2 Yr p.a.	13.75%	5.06%
Application	Monthly	3 Yr p.a	9.01%	3.00%
Liquidity	Monthly with 35 days notice	Annualised SD	7.56%	11.40%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.45	1.00
Performance fee	10% with high water mark	Largest monthly loss	-3.82%	-6.26%
Administration	Adminis	Sharp Ratio (RFR=RBA cash)	0.58	0.45
Legal Counsel	Minter Ellison Rudd Watts	Avge Return in Market Positive Mths	1.59%	2.62%
Auditor	PWC	Avge Return in Market Negative Mths	-1.37%	-3.01%

Monthly Performance Review

King Tide rose +1.54% in March versus our benchmark's +7.31%. While lagging the market in March, we are pleased to report a positive return after two months of losses.

As the table above shows, over the last six months King Tide has risen +5.47% versus the benchmark's +6.77% and in the past twelve months, we have gained +15.25% versus +1.70%. Over three years, we have tripled the return of the benchmark with much lower volatility (8.2% versus12.3%).

In March the Australian share market rose +4.7% while the NZX50 was up an eye-watering +8.5%, its biggest monthly gain in ten years (March 2006). The NZ dollar weakened against the AUD by -2.3% which added to the returns from Australian based funds. Currency hedging cost us around 90bps.

The reversion in Australian equities which active managers faced in February carried through into the first half of March. We met with all of our Australian managers in the third week of March, and a number had by then significantly reduced their gross and net exposures. You can see on the chart on page two that gross exposure of all underlying managers fell from 162% at the end of January to 123% at the end of March. Net exposure (long exposure minus short exposure) also fell from 66% to 48%. Two of our managers use significant leverage, which raises our gross exposure particularly. When you exclude these two funds, our weighted gross is 64% and net 36%.

Underlying manager returns were again mixed in March. Three funds lost money, the largest loss coming from Bennelong (-6.7%). Bennelong Long/Short Equity Fund has run a 'pairs' strategy for 13 years and has achieved a total return of +815% versus the All Ords +213%.They are fundamental investors and can hold the same pairs for many years, believing that over the longer term, the share market will reward quality growth businesses. What goes along with that fundamental belief, is that in the short term, the share market for many different reasons, will mis-price these and other low quality businesses. A good example of this in Feb/March was their long Ramsay Healthcare (RHC) and short Primary Healthcare (PRY) position which they have had for more than five years.

They originally bought RHC for $15, and sold short PRY at $4. As at the end of March RHC was trading at $61.36 and PRY was at $3.75.

However, two months ago (Jan 31), PRY was at $2.46, so rallied +52% through to March 31, while RHC rose just +1%. That one position cost Bennelong -0.8%.

The two other funds to lose money in March were Regal funds, Atlantic and Tasman. We added Tasman, Regal's flagship market neutral fund, at the beginning of March, switching out of Regal Long/short, a fund which runs much higher net exposure. Tasman had a poor March, falling -4.2%. Although Tasman runs a very different strategy to Bennelong, the underlying structure of an equal weighting (% wise) of long and short positions is the same. Tasman reported that losses in its short book were only partially offset by solid gains in some of its long positions, which included lithium producer Orocobre, outdoor media company APN Outdoor and Aconcex Limited.

Four Australian funds rose around 3% and all three NZ funds made solid gains between +2.6% and +5.7%.

In March we added to PIE Emerging Companies which briefly opened its door to current investors. We took advantage of this to maintain our weighting in this fund as our own funds under management grow. PIE has continued to lift the size of its funds as it balances its ability to continue to generate strong returns against its ambition to grow its business. We support this focus and continually monitor the size of all underlying funds.

During the March research trip to Australia we were introduced to a new listed investment company managed by Kerry Series. Kerry was a co-founder of Perennial Investment Partners which reached $20bn in funds under management in 7 years, after which he became head of Asia Pacific Equities at AMP. He is joined by Stephen Walsh, former Head of Investment Banking at Wilson HTM and prior to that Head of Australian Banks research at Macquarie Equities. We made a small initial investment in this fund early in April at a reasonable discount. The fund ticks alot of boxes for us - quality management who focus on risk and have tools to protect their portfolio, early stage, low level of funds under management, owners/managers have their own capital in the fund.

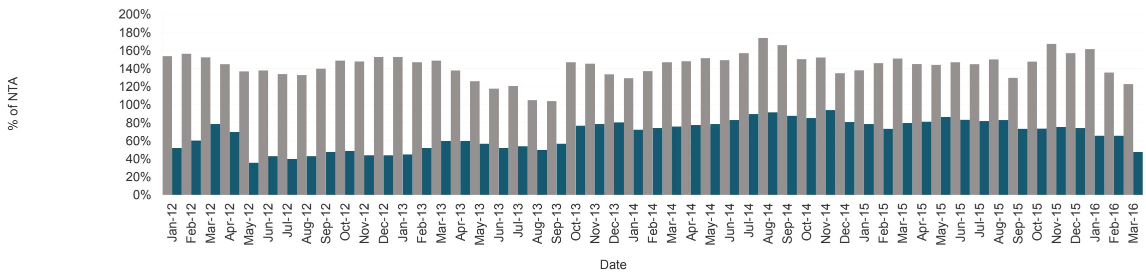
We are invested in sixteen underlying funds including Velocity, which is in the last stages of being redeemed (les than 0.1% of funds). There is a short list of funds we are considering which could take that slot.

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

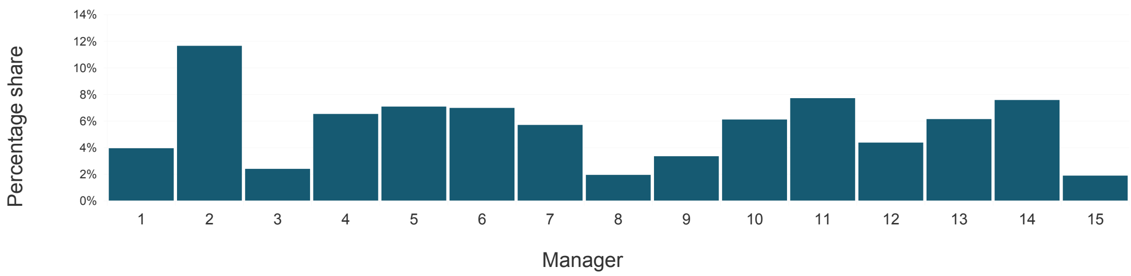
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	-1.73%	-3.82%	1.54%										**-4.03%**
Blended Benchmark*	-3.05%	-1.96%	7.31%										**2.00%**
2015	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
King Tide NZD	2.99%	3.40%	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.