

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	4.00%	1.79%	1.94%
Min. Investment	NZ\$10,000	3 Month	5.83%	3.80%	4.09%
Unit Price	1.11	6 Month	10.89%	5.68%	8.78%
Annualised Return	3.55%	1 Yr	14.91%	18.43%	7.21%
Benchmark	90% XJO/10% NZX50	2 Yr p.a.	6.08%	13.83%	7.69%
Buy/sell spread	0.25% on application and redemption	Inception p.a.	3.55%	9.86%	6.87%
Liquidity	Monthly with 35 days notice	Annualised SD	7.19%		10.45%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.46		1.00000
Performance fee	10% with high water mark	Largest monthly loss	-3.30%		-5.75%
Administration	Adminis	Sharp Ratio (RFR=RBA cash)	0.08%		0.18%
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.18%		2.43%
Auditor	PWC	Avg Return in Market Negative Mths	-1.20%		-2.61%

Monthly Performance Review

August was a very good month for King Tide, with a net gain of 4.0% versus the benchmark's 1.9%.

Over the last 12 months King Tide has more than doubled the return of the benchmark, gaining 14.9% versus the benchmark's 7.2%, and has done so with much less volatility. Our objective and expectation is that we will outperform the market significantly over time, so we are not surprised by this margin. What was surprising to us, was the performance of the Fund in the first eighteen months, when we underperformed the market by 17%. We hope to show that this was an aberration.

In August, the NZX50 rose 1.1% and the ASX200 was down -0.1%. The NZ dollar weakened -2.1% against the AUD, which effectively added +2.1% to the return of each of our Australian based managers. While we have currency hedges in place, all are via options, which provide some protection if the NZ dollar strengthens, but allow us to pick up most of the gains from our AUD exposure when the NZ dollar weakens. In August this was evident, with currency gains adding 1.5% to the month's result, due to only a very small reduction in the value of our currency options of about 16bps (0.16%).

As I have explained in past newsletters, compared to forward currency contracts, options are not as effective in real time at offsetting currency losses when the NZ dollar strengthens, but at a time when we think the upside for the NZD/AUD is limited, they work well.

Enough about currency. The real story of the month was the strong returns from our underlying managers. We follow sixty risk based funds in Australasia, and in August, King Tide managers took out eight of the top ten results.

The mathematical average return of our three NZ based funds was 4.3% while the same measure of our Australian based managers was 2.9% (measured in AUDs). Only one manager, Watermark Market Neutral, was negative, with a -1.7% month. This is a small weighting in King Tide, and even though we rate the manager Justin Braitting highly, this fund is a new strategy for Watermark, and needs time to prove it will work before we would be prepared to increase our exposure.

Regal's Atlantic Fund had another outstanding month, gaining 10.5%. Their gross exposure rose to 526% from July's 425% but their net exposure (long positions minus short positions) fell from 218% to 213%. This increase in their gross exposure

accounts for most of the rise in King Tide's collective gross exposure from 157% in July to 174% in August.

Other excellent results came from NZ based PIE's Australian Growth and Emerging Companies funds, which gained 4.9% and 6.0% respectively, while Aspiring's 2.0% gain was also a very pleasing result.

New addition Smallco rose 5.2% as did Auscap, and we were pleased to see Velocity rise 3.4%. Monash was up 2.3% and Regal Australia long/short rose 1.8%. While Regal Australia l/s fund's result fell far short of the same manager's Atlantic fund, we were equally impressed with the result. The 1.8% was generated by a portfolio which has much more stringent limits on its exposures both gross and net. It is a fund which must always be above 90% net, and never above 200% gross, so +1.8% in a flat market was a very good result. Since its inception in August 2009, this fund has risen 182% versus the market's 50%.

In September, the Australian Hedge Fund Manager Awards took place in Sydney. We were delighted to see that King Tide managers cleaned up the main prizes. Regal Atlantic won the overall 'Manager of the Year' award, as well as the 'Best Long/Short Fund', and Monash won the 'Emerging Manager' award. LHC was second in the Long Short category. Watermark also featured with a third placing in the 'Market Neutral' section (first place was another Regal fund which we owned in the early stages, Regal Tasman, but we withdrew when they raised their Asian allocation to 30%).

We congratulate these managers but consider all of our underlying managers worthy contenders for awards and recognition. Auscap for example, another 'emerging manager' has gained 88.8% since it started in December 2012 versus the ASX200's 27.0%, and has done so with just one negative month versus the market's eight!!

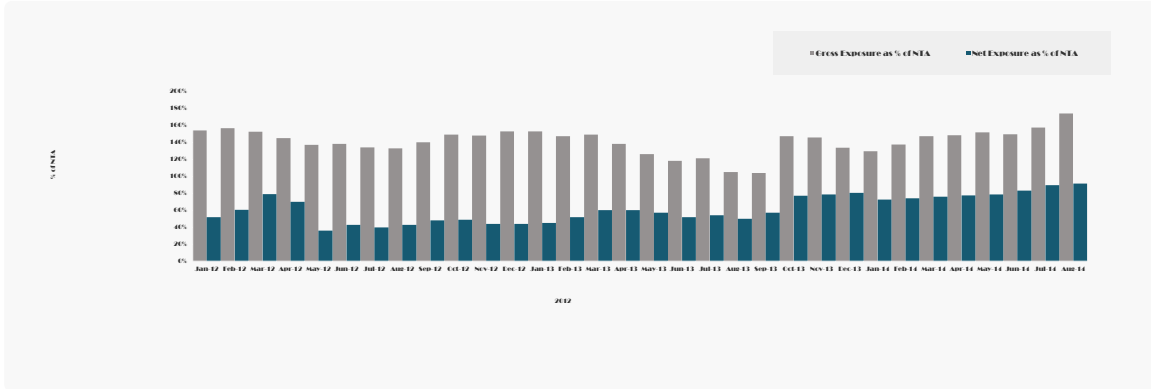
The last two years have been very strong years for the Australian equity market, and it is clear to us that many investors are complacent about their level of equity exposure. The month of September, with the ASX200 down almost 6%, will serve as a timely reminder that markets give, but they also take away. We expect our losses to be significantly less than the market in September, which will help to narrow the gap and move us closer to our long term objective.

Thank you for your continued support and faith. Please feel free to contact us if you have any questions.

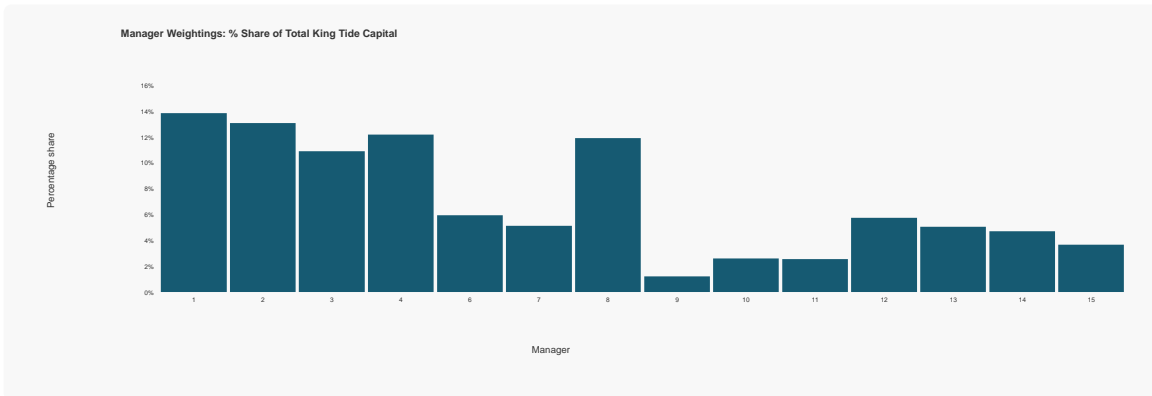


King Tide - Fund Performance vs. Benchmark (Net of Fees)													
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	0.29%	2.61%	-2.09%	-0.45%	-2.75%	-2.23%	1.16%	1.19%	-0.74%	1.83%	1.63%	0.15%	0.44%
King Tide AUD	2.71%	2.98%	-0.76%	-1.09%	-3.90%	-1.29%	-0.47%	1.97%	2.00%	1.06%	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%					12.38%
King Tide AUD	-0.22%	3.53%	1.29%	-0.34%	0.86%	0.26%	1.71%	1.79%					9.17%
Blended Benchmark	-2.64%	2.41%	0.43%	2.57%	1.45%	-3.17%	5.45%	1.94%					8.45%

Gross and net exposure (% of Net Assets)



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.