

#### 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\$10.8m		KT NZD	KT AUD	Benchmark
Inception Date	January 1, 2012	1 Month	-1.02%	-1.29%	-5.04%
Min. Investment	NZ\$10,000	3 Month	6.30%	2.20%	2.08%
Unit Price	1.10	6 Month	8.00%	2.99%	2.85%
Annualised Return	3.07%	1 Yr	12.61%	12.86%	2.20%
Benchmark	90% XJO/10% NZX50	2 Yr p.a.	5.93%	11.98%	5.21%
Buy/sell spread	0.25% on application and redemption	Inception p.a.	3.07%	9.06%	4.73%
Liquidity	Monthly with 35 days notice	Annualised SD	7.13%		10.82%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.44		1.00000
Performance fee	10% with high water mark	Largest monthly loss	-3.30%		-5.75%
Administration	Adminis	Sharp Ratio (RFR=RBA cash)	0.04%		0.09%
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.18%		2.43%
Auditor	PWC	Avg Return in Market Negative Mths	-1.18%		-2.80%

#### Monthly Performance Review

King Tide was down -1.02% after fees in September. Year to date, King Tide has risen 11.2% versus the benchmark's 3.0%.

September was a good test of King Tide's strategy. The Australian equity market, where we have most of our exposure, fell -5.9%, as global risk rose and global investors exited the carry trade, which included their investments in high yielding Australian shares. In NZ, the carry trade is played out in the cash and fixed interest markets, because of the lack of liquidity in our share market. The NZX50 gained 0.6% thanks to an election result mid month which breathed life into the electricity sector, and was considered generally positive for the NZ share market.

The overall effect was a -5.04% drop in our benchmark.

While we don't like to celebrate negative returns, the importance of limiting losses when markets fall is central to our objective of providing an overall compounding return well in excess of the market.

All of our managers outperformed the market in September, and in fact only two managers, Monash and Regal long/short, were remotely close, with losses of -4.3% and -4.8% respectively. The average return of our Australian based managers was -1.6%, with the best result coming from Watermark, which gained 2.5%.

For Regal I/s, the result was no surprise. It is a fund which trades around a 130/30 strategy, whereby they run a portfolio which invests 130% in long positions, and sells short 30%. It's net equity exposure is therefore close to 100%, and consequently it tends to be more highly correlated to the market than our other managers. Even so, over 5 years, it has returned 16.9% p.a. versus the ASX200's 2.2% p.a., and in negative months, it falls on average only 53% as much as the market. The only way for a 130/30 fund to achieve results like this is through excellent stock selection.

Monash had a poor month, in fact their worst month by far (previous worst month was -1.3%). A number of their small cap positions were sold down despite positive earnings reports. Monash is a small holding, and we are watching with interest.

NZ based managers did exceptionally well, with PIE Australian Growth Fund rising 4.4%, its Emerging Companies Fund rising 2.7% and Aspiring managing a gain of 0.7%.

Since month end PIE has had a large position fall dramatically, which will negatively impact their October results. We had already moved to reduce King Tide's exposure to PIE, to take account of the risk they carry in their concentrated positions in very small illiquid stocks.

As at 30 September, we also reduced our investment in Regal Atlantic, despite it being the best performing fund on our database. As we have reported in previous newsletters, Atlantic is a highly leveraged and volatile fund. It has averaged more than 40% p.a. over ten years, which has amply rewarded investors for the extreme volatility, but nonetheless, it has the potential to suffer large drawdowns, and if the manager for some reason comes unstuck, their could be a significant loss of capital. We want it to be a part of our portfolio, but we also want to manage our exposure just because of the amount of leverage it employs. In September Atlantic was flat, which was an outstanding result given their 23% gain in the previous two months, and 74% gain over the last 12 months.

The Watermark result was good to see after a couple of poor months from this manager. It is a market neutral fund, so runs a long and short book which is more or less equally weighted. It makes money if its long positions outperform its short positions. The strategy relies on the managers ability to select the right positions at the right time, and although this is a new fund for Watermark, their track record in the Australian Leaders Fund (ALF), which has been going since February 2004, shows they can do that very well. Since inception, ALF has returned 347% versus the market's 62%. The reason we are not invested in ALF is because it is listed and trades at a 10% premium.

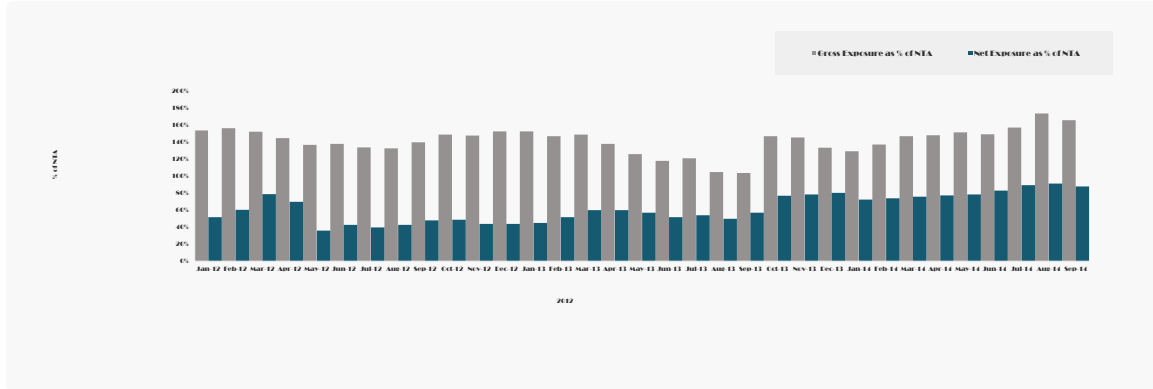
The small -0.27% fall in the NZ dollar versus the Australian dollar, helped us in September, but the gains were somewhat offset by changes in our currency options' pricing. We added additional option cover in September to try and lock in recent currency gains. We are not fully hedged, and a stronger NZD will still have a negative impact on our returns, but far less than previously.

We continue to expand our research data base, and are meeting with a number of new managers in October. Over the next few months we plan to add to some of our smaller allocations where our confidence has grown. These increases will be funded by trimming some of our larger holdings.

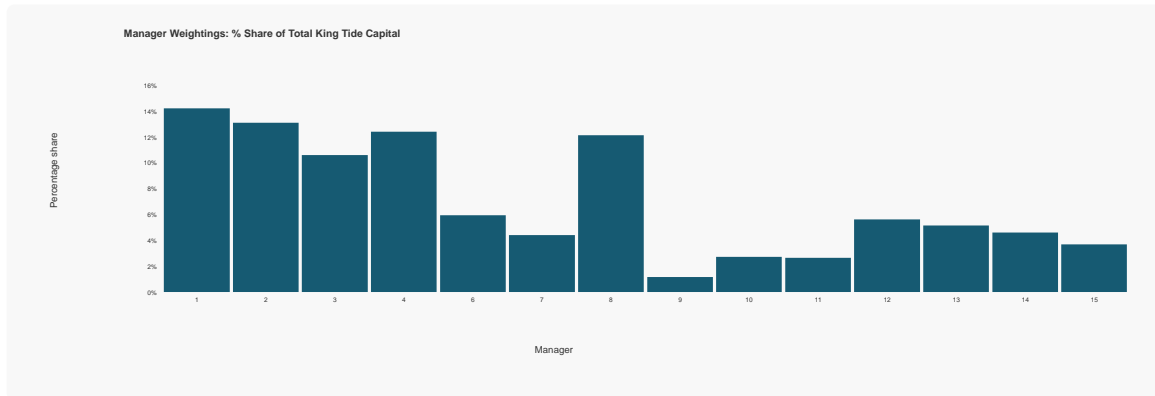
Thank you for your continued investment.

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%				11.23%
King Tide AUD	-0.22%	3.53%	1.29%	-0.34%	0.86%	0.26%	1.71%	1.79%	-1.29%				7.77%
Blended Benchmark	-2.64%	2.41%	0.43%	2.57%	1.45%	-3.17%	5.45%	1.94%	-5.04%				2.98%

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.