

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\$11.0m		KT NZD	KT AUD	Benchmark
Inception Date	January 1, 2012	1 Month	2.99%	0.76%	5.33%
Min. Investment	NZ\$10,000	3 Month	-1.18%	4.19%	-3.04%
Unit Price	1.10	6 Month	2.88%	5.02%	-1.44%
Annualised Return	2.66%	1 Yr	11.69%	12.89%	7.70%
Benchmark	90% XJO/10% NZX50	2 Yr p.a.	4.30%	11.66%	-0.67%
Buy/sell spread	0.25% on application and redemption	Inception p.a.	2.66%	9.01%	3.15%
Liquidity	Monthly with 35 days notice	Annualised SD	7.18%	5.87%	12.58%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.40	0.34	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)	0.02	1.11	0.05
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.40%	1.31%	2.85%
Auditor	PWC	Avg Return in Market Negative Mths	-1.35%	-0.27%	-3.16%

Monthly Performance Review

King Tide gained 3.0% in January, bringing our rolling 12 month return to 11.7%, which is 4.0% better than our benchmark. Over two years KT has outperformed the benchmark by +5.0% p.a.

The Australian dollar strengthened +2.0% against the Kiwi in January, adding 1.0% to our return taking into account losses on currency hedges.

January was a typically volatile month for the Australian share market as investors focus on the outlook for the coming year. The Australian share market fell -2.1% in the first half of January, then rallied 5.5% to end the month 3.2% higher.

The bearish start was on the back of a weak energy sector, continued deterioration in the outlook for mining and mining service stocks, weak consumer sentiment and retail numbers, and ongoing China concerns.

The turn came as pundits began to factor in a reaction from the Reserve Bank of Australia (RBA) to cut interest rates, leading to a lower AUD, lower term deposit rates on offer from the Australian banks sending money into equities and property. One of our managers, Wavestone Capital also cited some positive expectations around industrial earnings growth, and solid results from well run domestic franchises like CBA and Telstra.

Further, the weaker Australian dollar bought offshore investors flooding back into the Australian market. The 5% rise in the second half of January has continued in February, with the Australian equity market up another 6.1%.

The NZ share market was more steady as she goes with a gain of 3.2% in January, with most of the gain coming from high yielders, Spark, the electricity companies and listed property. Aspiring, which has 56% in NZ shares was underweight these areas having taken profit on what appear to be extended valuations. Aspiring rose 2.6% in January bringing its 12 month net return to 14.3%, an excellent result given its very conservative positioning.

Results from other underlying managers were solid. Two of our Australian managers and two NZ based funds focus on small, predominately Australian companies and the small ords rose just 1.2% in January. These funds comprise 17.5% of KT. LHC and Smallco in Australia rose 0.7% and 0.2% respectively, while PIE's two funds stood out with gains of 3.2% and 2.6%. A stronger AUD (+2.0%), helped although PIE does hedge at least 50% of its currency exposure.

Three managers beat the market in January, despite all carrying protection in their portfolios. Auscap rose 3.7%, with net exposure of 85% and 50% of the fund in short positions.

Regal Australian Long/Short Fund, which runs a 150/50 strategy (that is around 150 long and 50 short) had an excellent month, gaining 4.7% and Regal's other fund, Atlantic, which runs a very aggressive portfolio of longs and shorts, rose 4.0%.

Watermark Absolute Return Fund continues to struggle especially on the long side, where they have missed the rally with their stock selection. They fell -1.3% in January. I met with Justin Braiting in February, and they have restructured their analyst team in an effort to reverse their recent form. Over the longer term, Watermark's Australian Leaders Fund has been one of the best performing funds in Australia. Since February 2004, it has gained 317% versus the ASX200's 71%. Over the last year however, it is down -4.5% versus the market's +7.7%.

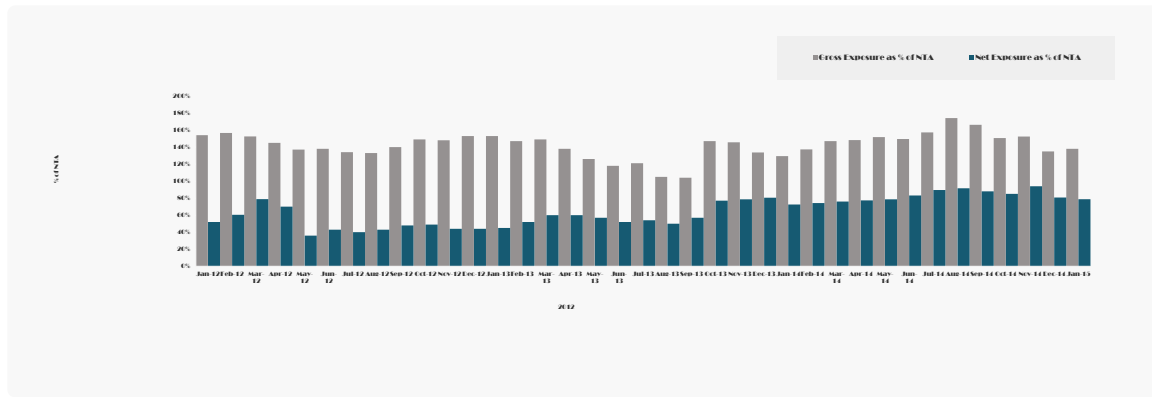
In my recent visit to Australia, I met with fifteen managers. February is the reporting season in Australia and is a very important time for investors. One manager pointed out that 60% to 70% of a stocks outperformance over one year occurs one week after the stock reports. That is, four weeks in the year following the two half yearly reports, confession season and the AGM. It is also a time of discovery, as businesses report their progress. Auscap found three new stock ideas in February which they are pursuing. Managers adjust their portfolios, many of them selling into positive news, and others buying their shorts back if the expected earnings 'miss' is delivered.

A widely held view among our managers is that low interest rates and the lower AUD will continue to support equity markets. Regal writes in its January report *"The reduction in bond yields to record lows in Australia makes the stock market look good value in comparison. Interest rate cuts in the coming months and further weakness in the Australian dollar could be the catalysts to drive the market higher"*.

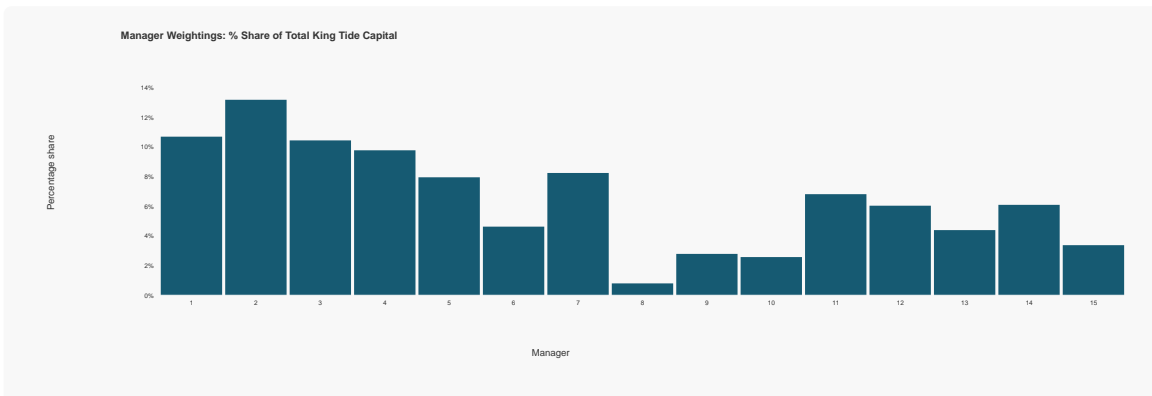
Steve Montgomery from Aspiring, when commenting on their lower cash weighting writes, *"Effectively we are adapting to the view that low interest rates and quantitative easing are likely to be supportive of markets for longer than previously thought"*. He goes on to say that they *"we are dancing close to the door (in liquid stocks), given the risks inherent in high absolute starting valuations."* We like that thinking.

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%	2.37%	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%	-0.45%
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	2.99%												2.99%
King Tide AUD	0.76%												0.76%
Blended Benchmark	5.33%												5.33%

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.

