

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\$11.4m		KT NZD	KT AUD	Benchmark
Inception Date	January 1, 2012	1 Month	0.82%	-1.12%	0.11%
Min. Investment	NZ\$10,000	3 Month	4.87%	8.02%	0.61%
Unit Price	1.15	6 Month	3.63%	12.77%	-2.62%
Annualised Return	3.96%	1 Yr	12.58%	16.91%	2.53%
Benchmark	90% XJO/10% NZX50	2 Yr p.a.	7.63%	16.21%	0.31%
Buy/sell spread	0.25% on application and redemption	Inception p.a.	3.96%	11.40%	5.41%
Liquidity	Monthly with 35 days notice	Annualised SD	7.23%	6.63%	11.58%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.44	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)	0.20	1.34	0.18
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.32%	1.55%	2.55%
Auditor	PWC	Avg Return in Market Negative Mths	-1.18%	-0.17%	-2.90%

Monthly Performance Review

We were pleased to better the benchmark in April given we were partially hedged, which was a disadvantage as the Kiwi fell -1.92% against the AUD. King Tide's benchmark gained +0.11%, while the Fund returned +0.82%.

The currency effect was again a dominant factor. Both the NZ and Australian markets were down in April, falling -0.72% and -1.79% respectively. The All Ords Accumulation index, which includes dividends, fell -1.47%. We will be referring to this market measure more from now on to align with our use of the NZX50, which also includes dividends.

Comparing King Tide to a portfolio which is 90% Australia and 10% NZ equities using the All Ords Accumulation (instead of the ASX200) and the NZX50, we can report that over the last two years, the Fund has gained 18.7% versus the market's 11.7%, and in the last 12 months, the Fund has risen 12.6% versus this benchmark's 5.5%.

While these numbers are important, they only tell a part of our story. There is a prevailing doctrine in financial markets that to attain higher returns, you must take greater risk. And you may have assumed that KT's outperformance must have been as a result of such risk taking.

Yet, when you take a closer look, the reverse appears to be true. King Tides volatility is much lower than the market's. Its performance in down months is much better, as a result of the Fund's ability to limit losses when markets are falling, surely a measure of less risk?

The advantage our underlying managers have over traditional long only funds, is their ability to invest both long and short. This enables them to protect their investors' capital, not only when they expect the markets to fall, but even when they don't. Our managers are prepared to give up some of the market's gains, because they know that protecting the downside is critical to long term wealth creation.

As markets globally accelerate to new highs I have been intrigued by the re-appearance of the phrase 'Bull market'. Despite six straight years of share market gains, few have been inclined to call the rise a 'bull market' until now. You can rest assured that just as few will tell us when the bull market is over!

None of us know, and that is the beauty of our strategy. You don't need to know when the bull market is over when you constantly carry protection. As I have quoted before, Sir

Winston Churchill once said, 'predicting the rain doesn't count, carrying an umbrella does'.

The table on the right shows the approximate average gross and net exposure of our managers at the end of each month. We get the gross exposure by adding long and short positions together. Net exposure is long exposure minus short exposure. At the end of March, our managers, on average, were 152% gross and 80% net long. From that you can derive that they were 116% long and 36% short.

Over the life of the Fund, net exposure has been as low as 36% and as high as 94%. Gross exposure has ranged between 104% and 174%. At the end of April the gross exposure had dropped to 145% while net was higher at 81%. With net exposure at this level, you would assume that managers in general are comfortable with current market levels. As the market rises, I would expect to see net exposure fall.

At the fund level, we currently have two funds which run very low net exposures and would describe themselves as market neutral (equally weighted longs and shorts). I refer to Perpetual Pure Equity Alpha fund, a relatively new addition to the portfolio, and Watermark Fund Ltd.

Another group of managers, which includes Aspiring, PIE, Smallco and Wilson tend to be long biased, and they prefer to use cash as a means of defense, although all of them can short stocks and stock market indices and do so periodically. These funds currently have high cash weightings (around 30%, with Wilson at 39% and with one small short position).

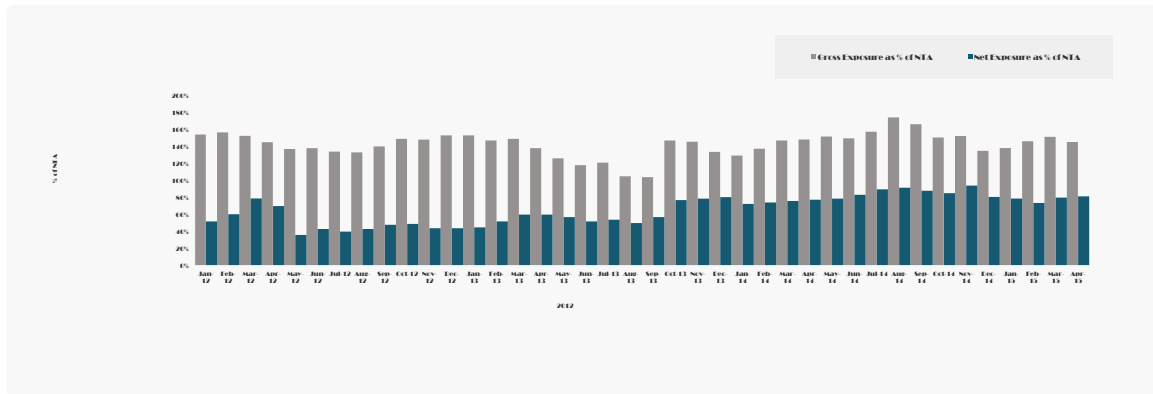
Then there are the more traditional long/short funds which tend to range between 20% and 80% net long, and between 80% and 150% gross. I would put LHC, Kardinia, Wavestone and Auscap in this camp.

Both Regal Funds have different strategies again, one is a 150/50 (meaning their base case is 150% long/50% short) and the other, Regal Atlantic, which is highly leveraged with a very large long and short book which, in recent times, has tended to be around 200% net long.

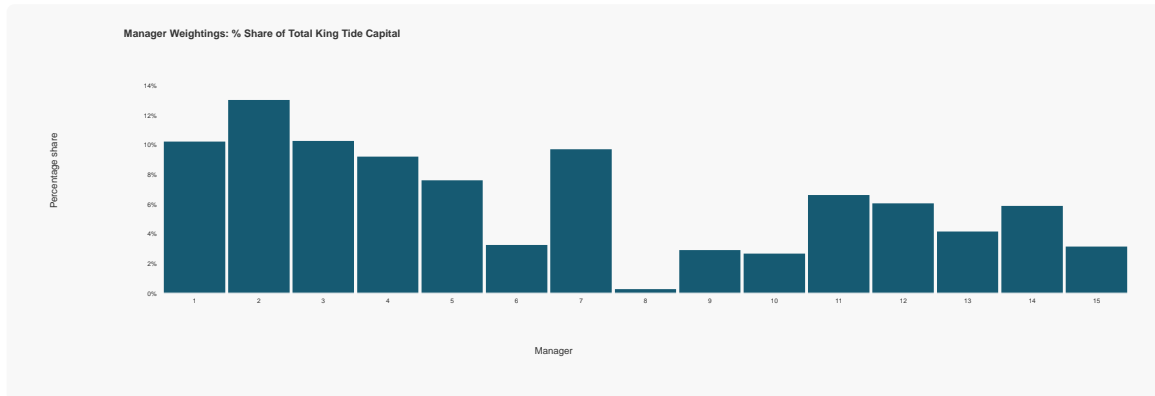
In April we added to Watermark Ltd, which is listed on the ASX and trading at a large discount. We welcomed some new investors into the Fund in March and April which is pleasing to see, and will give us the opportunity to increase our investment in some of our underlying managers.

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%	0.60%	0.82%									8.01%
King Tide AUD	0.96%	7.05%	2.05%	-1.12%									9.06%
Blended Benchmark	5.13%	2.46%	-1.92%	0.11%									5.77%



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.

