

#### 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 personnel 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\$12.7m		KT NZD	KT AUD	Benchmark
Inception Date	January 1, 2012	1 Month	0.00%	-5.54%	-0.07%
Min. Investment	NZ\$10,000	3 Month	4.10%	-6.98%	4.22%
Unit Price	1.20	6 Month	11.51%	2.60%	11.32%
Annualised Return	4.70%	1 Yr	15.03%	8.77%	11.81%
Benchmark	90% All Ords Accum/10% NZX50	2 Yr p.a.	12.58%	14.83%	9.68%
Buy/sell spread	0.25% on application and redemption	Inception p.a.	4.70%	8.97%	8.89%
Liquidity	Monthly with 35 days notice	Annualised SD	7.15%	7.37%	10.86%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.50	0.51	1.00
Performance fee	10% with high water mark	Largest monthly loss	-3.30%	-5.54%	-6.84%
Administration	Adminis	Sharp Ratio (RFR=RBA cash)	0.16	0.88	0.31
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.38%	1.48%	2.74%
Auditor	PWC	Avg Return in Market Negative Mths	-1.24%	-1.16%	-2.59%

#### Monthly Performance Review

King Tide was flat in June, in line with our benchmark. While the average return of our managers was much better than the market, two of our larger weightings underperformed, and this, along with losses on currency hedges, led to an average overall result.

The All Ords Accumulation fell -5.4% in June and the NZX50 fell -2.0%. Falling commodity prices in both countries, combined with macro concerns in both Greece and China, weighed on NZ and Australian equity markets and currencies. Undoubtedly events in China are more of a concern for us given its importance as a major consumer of our commodities, as well as being a very important investor in our two countries.

The NZD was sold more aggressively than the AUD in June. The RBNZ surprised at least half of the market when they cut the cash rate from 3.5% to 3.25%, and now, further cuts are expected. This saw the NZD fall -5.5% against the AUD, which was enough to fully offset the losses in the Australian share market, resulting in a flat return from Australian equities for NZ investors.

King Tide managers were mixed in June. The range of returns, in NZDs, was -4.8% to +9.1%. Measuring NZ based managers in NZDs and Australian based managers in Australian dollars, the range was -8.4% to +3.1%.

The biggest drawdown came from Atlantic, which is unsurprising given the leverage they employ. This fund regularly posts results in high single digits both plus and minus, but as a rule, taking its average since inception, it falls about the same as the market in down months. Despite the -8.4% loss in June, it still ranks 1st on our database over 1, 2, 3 and 5 years. Its 5 year average annualised return is +40.1% p.a. versus the All Ords +9.4% p.a.

Our largest weighting, Auscap had an exceptionally bad month, their first for some time. It is part of the territory that if you are running a portfolio which bears no resemblance to the indices used to measure the market, you are going to have days, months and even quarters which diverge significantly. The objective of course is to diverge in a positive way, but there are going to be periods of underperformance. Taken over 2 months, a quarter, year etc, Auscap has shown substantial positive divergence, and since inception in December 2012 it has beaten the market by a factor of 2.6x, but in June they fell -7.3%. We have spoken with the two managers and they have divulged a number of their positions

which simply bottomed on June 30. So far in July the same stocks have bounced on average +3.5%!

At the other end of the range we had three managers who performed very well in June. The most surprising was LHC, a concentrated predominately small cap manager, who eked out a gain of +0.1% versus the small cap index which fell -8.1%. LHC generated +2.8% on its short book while its long book fell -2.7%.

What is impressive about LHC's results is that several of its largest long positions have sold off by up to 25% with *"absolutely no change to those businesses' operating outlook or cash generation potential"*. Yet the manager handled this volatility by actively trading in and out of its holdings while also running a selection of shorts and strategic index shorts to manage downside risk.

Over the last year to June 30, LHC's has run average net exposure of 58%, and they achieved a net return of +19.1% compared to the All Ords +5.7% and the accumulated small cap market's +0.4%.

The best performing manager in June was Watermark Market Neutral, which rose 3.1%. However, this fund is listed, and tax selling into June 30 saw the price fall -6.5% to a 16% discount to NTA. We took advantage of this and added more.

Perpetual Pure Equity Alpha Fund (PPEA) gained +1.3%. This fund runs very low net exposure. They are adept short sellers, being one of the few funds to be short Vocation before its demise in October last year, and in June benefited from their short position on Slater & Gordon, which fell -41%.

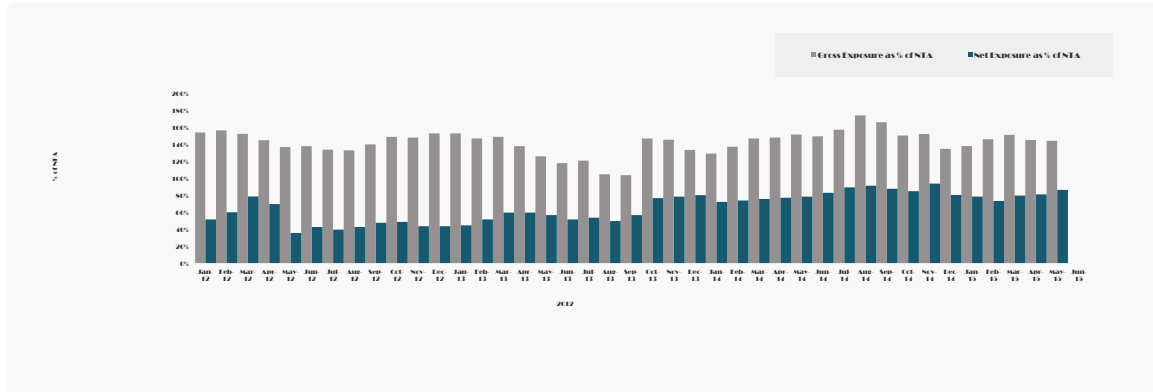
PPEA was launched in March 2012. To date, it has lagged the market, returning +34.5% versus +43.2%, but its gains have been achieved with less than one third the volatility of the market. Its record in down markets is excellent, averaging a gain of just over +1.0% versus the market's average loss of -3.1%.

At King Tide we do not simply look for managers with the highest historical returns. We are more focused on the quality of those returns, which includes measures like volatility, beta, downside capture (performance in negative markets), and alpha (outperformance adjusted for risk). Perpetual has a beta of -0.03, and generates monthly alpha of 0.56%. So while it is well down the rankings in terms of annualised returns, it is well in the mix in terms of its risk adjusted returns.

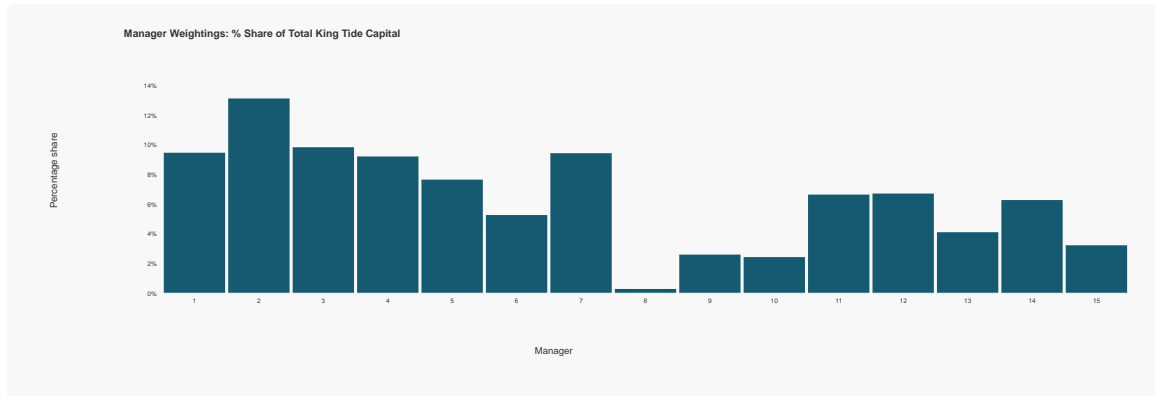
King Tide - Fund Performance vs. Benchmark (Net of Fees)

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%	-4.14%	-1.29%	-0.47%	1.97%	2.00%	1.06%	0.84%	1.17%	4.85%
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%	3.25%	0.00%							11.51%
King Tide AUD	0.96%	7.05%	2.05%	-1.12%	-0.41%	-5.54%							2.60%
Blended Benchmark*	5.13%	2.46%	-1.92%	0.11%	3.19%	-0.17%							8.96%

\* 90% XJO/10% NZX50 (on page 1 of this report we changed the benchmark to 90% XAOAI/10% NZX50)



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.

