

#### 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\$13.1m		KT NZD	KT AUD	Benchmark
Inception Date	January 1, 2012	1 Month	3.09%	5.88%	1.67%
Min. Investment	NZ\$10,000	3 Month	6.44%	-0.39%	5.61%
Unit Price	1.24	6 Month	11.62%	7.60%	7.90%
Since Inception p.a.	5.47%	1 Yr	14.84%	13.23%	7.72%
Benchmark	90% All Ords Accum/10% NZX50	2 Yr p.a.	14.90%	15.85%	10.42%
Buy/sell spread	0.25% on application and redemption	3 Yr p.a.	7.93%	13.69%	9.85%
Liquidity	Monthly with 35 days notice	Annualised SD	7.20%	7.76%	10.74%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.51	0.54	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)	0.41	1.03	0.62
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.44%	1.61%	2.71%
Auditor	PWC	Avg Return in Market Negative Mths	-1.24%	-1.16%	-2.59%

#### Monthly Performance Review

King Tide rose 3.1% in July compared to a 1.7% gain for our benchmark.

Over the last year, King Tide has almost doubled the return of the benchmark, gaining 14.8% versus 7.9% and has achieved this result with considerably less volatility of 7.6% versus the benchmark's 12.3%. The benchmark has had five negative months, averaging -2.7%. In those same months, King Tide has averaged -0.9%. This is slightly better than our average since inception of 0.35 times the market's fall in down months.

The +1.7% rise in our benchmark belies the very strong rally in both the NZ and Australian equity markets, which rose +3.4% and +4.2% respectively. With the benchmark 90% Australian equities and 10% NZ equities, it is very exposed to any change in the NZ/AUD cross, which in July, moved -2.7% against the AUD. This led to a currency adjusted rise of just +1.5% for the All Ords. King Tide was partially hedged which added around 40bps in July relative to the benchmark.

The Australian market was strong across all sectors except Energy and Materials. The NZ market was supported by the Reserve Bank's 0.25 bps cut in interest rates and the resultant weaker NZD versus the US. The high yielding listed property sector was a beneficiary, rallying more than +4%, as were companies with foreign, and in particular, USD exposure (e.g. F&P Healthcare, Tourism Holdings, Vista Group).

Manager returns in July ranged between Perpetual Pure Equity Alpha's +0.4% to Regal Atlantic's +18.2%. Six other managers outperformed in July, including Regal's Australian L/s Fund, Monash, LHC and PIE Australian Growth.

It was also good to see Watermark's market neutral fund post another solid result of +4.1%. After a period of poor performance pre March this year, they have come back strongly, gaining +11.7% over the last 6 months versus the All Ords 4.5%. We have added value to this base return by switching between their listed and unlisted vehicles (same underlying securities). After their poor patch, their listed fund went from a 5% premium to a 10%+ discount, so we redeemed our investment in the unlisted unit trust and bought the listed. Going into June 30, tax selling saw the discount widen and we added more on June 30. In July, the price of the listed fund rose 8%. In time, we expect the discount to disappear altogether and we will switch back to the unlisted fund. As a rule, we prefer unlisted funds because of the discount premium volatility associated with listed investment companies (LICs).

We were pleased with all results in July. We talked about Perpetual Pure Equity Alpha last month, and their June report, which you can find on our web-site, is an interesting read on how they aim to generate positive returns in all market conditions.

Kardinia and Aspiring, two of our larger positions were both up just over +2% in July, a satisfactory absolute number by any measure. Both of these managers have outstanding risk management with down capture of 0.14 and 0.25 respectively (that is, if the market is down say -3.0%, then on average, Kardinia will be down -0.5%, and Aspiring will be down -0.8%).

At the core of all of our managers' strategies is their ability to pick the right stocks at the right times. Managing portfolios of long and short positions is not an easy game and requires certain unique skills and a lot of hard work.

The very successful Regal Atlantic Fund reported success on both the long and the short side in its July letter. To generate profits from your short book when the market is up 4.2% shows excellent stock and sector selection. Atlantic profited from short positions in the Mining, Energy and related service sectors and on the long side, investments in iSelect, HFA Holdings and BT Investment Management were its biggest winners.

Kardinia which rose 2.2% in July made money in Westpac, Ramsay Healthcare, CSL and Aristocrat Leisure, while short positions in BHP and Share Price Futures were the biggest detractors. Kardinia ended the month with net exposure of 55.7% (87.1% long and 31.4% short). It is this willingness to carry protection even when it hurts that characterises our approach.

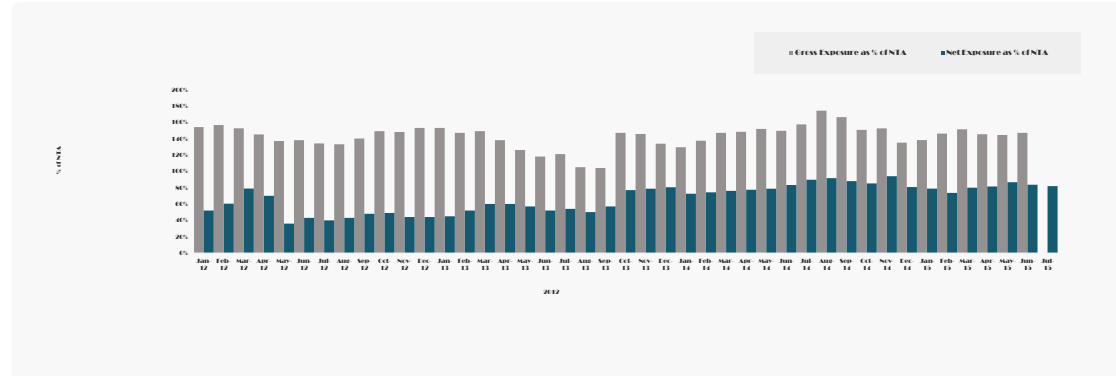
Aspiring, one of our NZ based managers, rarely shorts stocks, preferring cash and bonds to protect investor capital. It also runs a very diversified portfolio, and currently its largest position is 3.7% of capital. The top ten make up 27% of the portfolio. Aspiring has 24% in cash and fixed interest with 1% short equities.

In July we added almost 2% to Perpetual Pure Equity Alpha Fund as well as smaller additional investments in Watermark Market Neutral Fund, LHC, Auscap and Smallco.

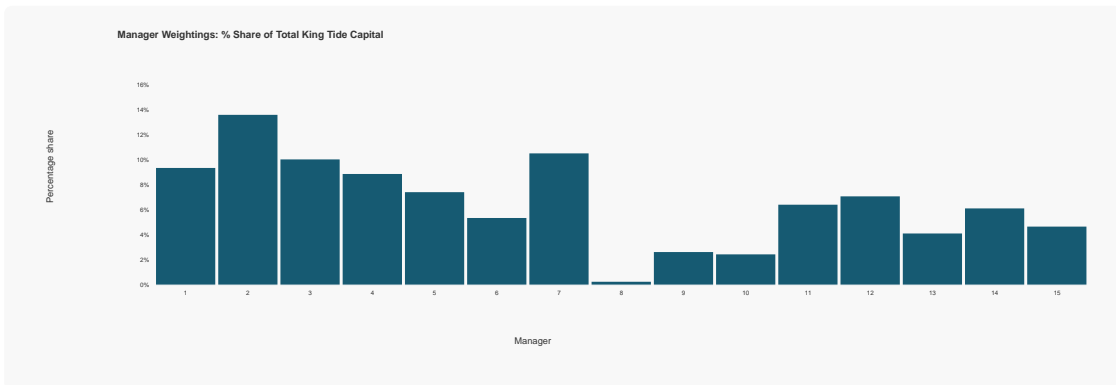
King Tide - Fund Performance vs. Benchmark (Net of Fees)

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%	3.09%						14.96%
King Tide AUD	0.96%	7.05%	2.05%	-1.12%	-0.41%	-5.54%	5.88%						8.63%
Blended Benchmark*	5.13%	2.46%	-1.92%	0.11%	3.19%	-0.17%	1.67%						10.78%

\* 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.

