

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\$13.5m		KT NZD	KT AUD	Benchmark
Inception Date	January 1, 2012	1 Month	0.50%	-0.66%	-6.04%
Min. Investment	NZ\$10,000	3 Month	3.60%	-0.65%	-4.53%
Unit Price	1.24	6 Month	8.49%	-0.15%	-1.81%
Since Inception p.a.	5.60%	1 Yr	10.97%	10.50%	-1.47%
Benchmark	90% All Ords Accum/10% NZX50	2 Yr p.a.	12.93%	14.40%	4.81%
Buy/sell spread	0.25% on application and redemption	3 Yr p.a.	7.69%	12.71%	7.04%
Liquidity	Monthly with 35 days notice	Annualised SD	7.20%	7.78%	11.27%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.46	0.49	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)	0.42	0.99	0.47
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.43%	1.61%	2.71%
Auditor	PWC	Avg Return in Market Negative Mths	-1.21%	-1.21%	-2.88%

Monthly Performance Review

King Tide rose +0.5% in August versus a fall of -6.0% for our benchmark.

August was a good test for King Tide's underlying managers. The Australian share market fell -7.30% as weak Chinese economic data and a surprise move by the China Central Bank to devalue the RMB heightened fears of a faltering economy. Unemployment in Australia hit a 13 year high, and the domestic reporting season held few positive surprises, with generally weaker guidance for earnings in 2016.

The NZ share market was somewhat protected by the prospect of further rates cuts and the very high dividend yield. Nonetheless the NZX50 fell -4.5% back to levels last seen in February. The discounted placement of Contact Energy shares was a free gift to market participants in NZ and Australia.

In this environment all of our managers did well. Our twelve Australian based managers generated an overall flat return, outperforming the market by 7.3%. Returns ranged between -4.8% and +4.0%. Seven managers were flat or positive and all managers' returns were as good or better than we expected.

Four of the eleven stood out in August. Firstly Atlantic (which was up +18% in July) produced another outstanding result in August with a +1.7% gain. LHC, which runs a concentrated portfolio of small cap stocks, hedged by short positions in larger caps, was up +2.5%. Auscap, our largest weighting and a fund which focuses mostly on the top 200 stocks, gained +1.6% and market neutral fund Watermark gained +4.0%, continuing their remarkable recovery to be up +15.5% over the last six months versus the All Ords -9.4%.

Currency was once again in our favour given we are only partially hedged. The AUD strengthened +1.2% against the Kiwi, providing a lift to our Australian based funds' returns.

Our three NZ based funds were all negative, but did well to limit losses, with returns of -0.9%, -0.9% and -2.8%. Aspiring (-0.9%) is the more traditional style fund, spanning large and small companies with a diversified portfolio and so did particularly well to lose less than 1%. The two PIE funds are less correlated to market indices, so their returns will often be very different from the broad market. Still, they are a very astute manager, and have kept market protection in place through the strong positive

months, and these positions would have helped them in August.

Large loss months like August can have a devastating effect on a market driven portfolio. The ten year return for the Australian share market for example fell from 7.2% p.a. to 6.1% p.a. in just one month. Gains since May 2014 were wiped out and if you had of invested in Australian shares 12 months ago, you would now be down -3.0% compared to your end of July gain of +4.7%.

That is why we focus on funds which have a risk based approach to managing equities. In August, of the sixty one managers we have on our data base, only six lost more than the market, four outperformed by less than 2%, fifty-one managers outperformed by more than 2% and of those, twenty actually made money.

This is no easy feat, and some academics would have you believe that beating the market, after fees, is more luck than good management. Mary Holm, in her weekly Herald columns continues to guide investors into low cost index funds, counselling them to stay the course through up and down markets. Perhaps she hasn't got time to take a look at the managers we are researching despite the fact that ten of them are NZ domiciled and the rest are just over the ditch.

While it is statistically difficult to ascertain good luck over good management, when you examine a series of data from 'risk based' equity managers in terms of volatility and return, such wide-spread outperformance over an extended period of time cannot be due to luck.

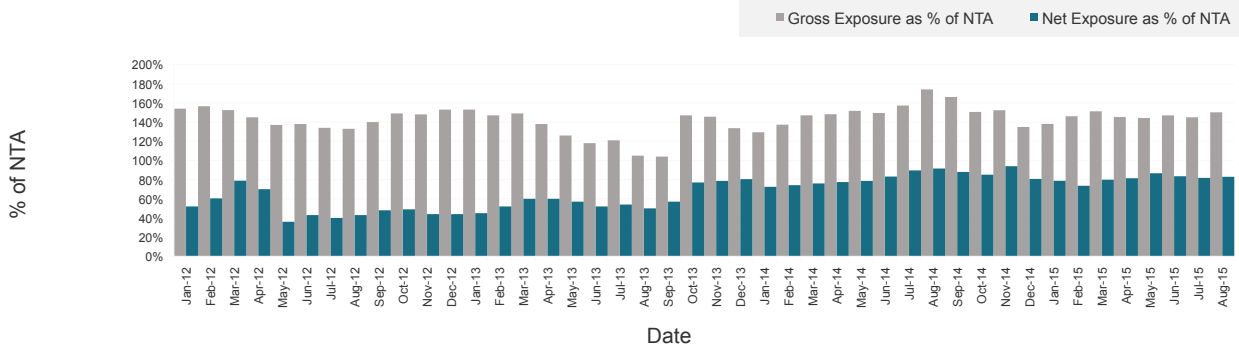
It is interesting to observe the managers who underperformed the market in August. Five of the six are managed by large institutions with billions of dollars in Australian equities. Investors are often drawn to these large financial institutions, believing that if they are big, they must be good. We find this to be untrue. While most successful managers do attract investment, the ones we like are prepared to turn down growth in funds under management (FUM) to pursue performance. The more money you have the more ideas you need, and/or the larger (in \$ terms) your positions need to be, which in itself makes you less nimble and more exposed to liquidity issues (i.e. your ability to get in and out of positions). That is why we watch FUM carefully and why all of our managers have their own set levels at which they will close their funds to new investors. Two of the fifteen funds we currently invest in are closed and three others are close to capacity.

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

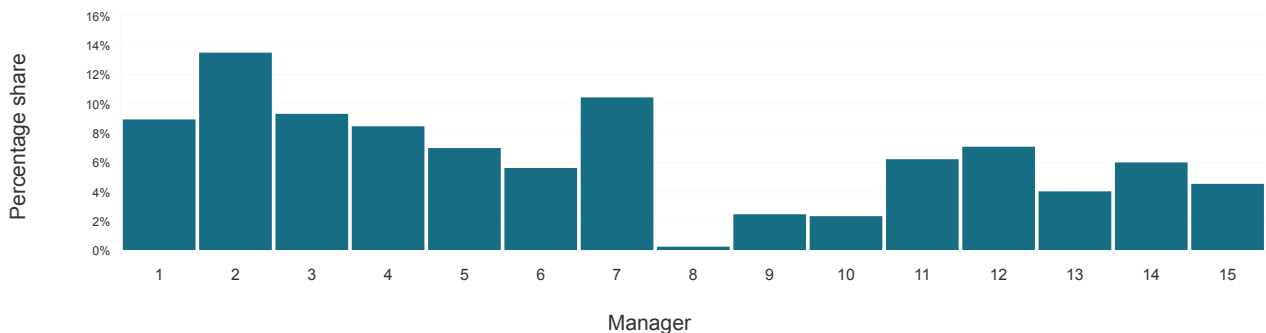
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	0.29%	2.61%	-2.09%	-0.45%	-2.75%	-2.23%	1.16%	1.19%	-0.74%	1.83%	1.63%	0.15%	0.44%
King Tide AUD	2.71%	2.98%	-0.76%	-1.09%	-4.14%	-1.29%	-0.47%	1.97%	2.00%	1.06%	0.84%	1.17%	4.85%
Blended Benchmark*	1.01%	0.51%	0.12%	2.00%	-5.75%	-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%	0.50%					15.53%
King Tide AUD	0.96%	7.05%	2.05%	-1.12%	-0.41%	-5.54%	5.88%	-0.66%					7.92%
Blended Benchmark*	5.13%	2.46%	-1.92%	0.11%	3.19%	-0.17%	1.67%	-7.26%					2.74%

* 90% XJO/10% NZX50 (on page 1 we use the All Ords Accum in our benchmark-90% XAOAI/10% NZX50)

Gross and Net Exposure (% of Net Asset)



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.

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