

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 Facts			KT NZD	KT AUD	Benchmark
Fund size	NZ\$13.9m				
Inception Date	January 1, 2012	1 Month	1.32%	3.65%	-4.34%
Min. Investment	NZ\$10,000	3 Month	4.97%	9.03%	-8.61%
Unit Price	1.26	6 Month	9.28%	1.42%	-1.81%
Since Inception p.a.	5.80%	1 Yr	13.60%	16.03%	-1.35%
Benchmark	90% All Ords Accum/10% NZX50	2 Yr p.a.	13.11%	14.43%	2.37%
Buy/sell spread	0.25% on application and redemption	3 Yr p.a.	8.43%	13.31%	5.50%
Liquidity	Monthly with 35 days notice	Annualised SD	7.13%	7.83%	11.27%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.44	0.48	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)	0.46	1.09	0.34
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.42%	1.61%	2.57%
Auditor	PWC	Avg Return in Market Negative Mths	-1.20%	-0.84%	-3.08%

Monthly Performance Review

King Tide rose 1.3% in September compared to a fall of -4.3% in our benchmark. The benchmark's return is made up of a 90% weighting to the All Ords Accumulation index, which fell -4.69% in NZDs (-2.5% in AUDs), and a 10% weighting in the NZX50, which fell -1.1%. King Tide's return was all the more creditable given we wrote down the Velocity Fund in September to almost zero, at a cost of 23bps. Currency also cost the fund, given we were only 56% hedged on average during the month, costing us another 85bps.

The last two months have been a good test for our managers. The rally in July held few clues of the impending volatility which hit equity markets in August. The fact that our managers outperformed the strong July market, and then did an incredible job of protecting capital in August and September is credit to their unique skills. The result for King Tide investors was a gain over the quarter of +5.0% versus a fall in the benchmark of -8.6%.

This year has been a difficult one for NZ and Australian equity markets. The NZX50 is up just 0.5% and the All Ords is up +1.9% in NZDs (-2.8% in AUDs). In this environment, King Tide has risen 17.0% net of fees. Over one year, as far as we can tell, King Tide is now the best performing, NZ domiciled, Australasian equity fund, and we are second over two years, behind one of our underlying managers PIE Emerging Companies Fund, which is a specialist micro cap fund with a very different risk profile to King Tide.

What the headlines numbers don't show is the 'quality' of our returns, that is, the variance, variability or to use the industry term, the volatility of the returns. A rational investor will value a return with less variability over a highly variable return. If the highly variable return is commensurately greater than the less variable return, then it should be valued equally. If you can achieve a higher return with less variability, then that becomes a no-brainer.

King Tide's returns are not only higher over the last two years, but have been much less variable than the market.

However, we still have work to do. From inception, we still lag our benchmark due to a poor first eighteen months. We understand that a good year or two is not proof of concept

and we remain committed and focused on our objectives of substantially beating the market over time by providing a series of monthly returns with significantly less variance than the market.

In October, I visited a number of our managers in Australia. From those visits and from our ongoing research, we have decided to make at least one change to the portfolio. One catalyst for us is a management change, which has occurred in one of our funds, so we are redeeming that position. Another is weightings within our portfolio, and particularly when one manager becomes too large through performance. At the end of the quarter we trimmed our holding in Regal Atlantic back to our initial weighting of 7.5%. This is the second time we have trimmed Atlantic.

Regal Atlantic is a highly leveraged fund which makes its returns volatile. However, the returns are also much higher than any other fund in our portfolio, so we are willing to accept the variability because we are sufficiently rewarded. We have held this fund since the inception of King Tide. In our first six months, it was down -28%! Since that time it has risen 269%. More remarkably, Atlantic rose in each of the last three months, despite the market reversal in August.

In October, we added Bennelong Long/Short equity fund. This fund launched in January 2003 but closed to new investors in 2011, just before King Tide launched. This year, they lost an institutional mandate for \$100m, and re-opened the fund to new investors. Performance had suffered over the previous 12 months as they had launched a new fund and re-structured the investment team. The new fund has been closed and the team is functioning well again. In the quarter just passed, they were up +14.3%. Since inception, they have risen 774% versus the All Ords 201%.

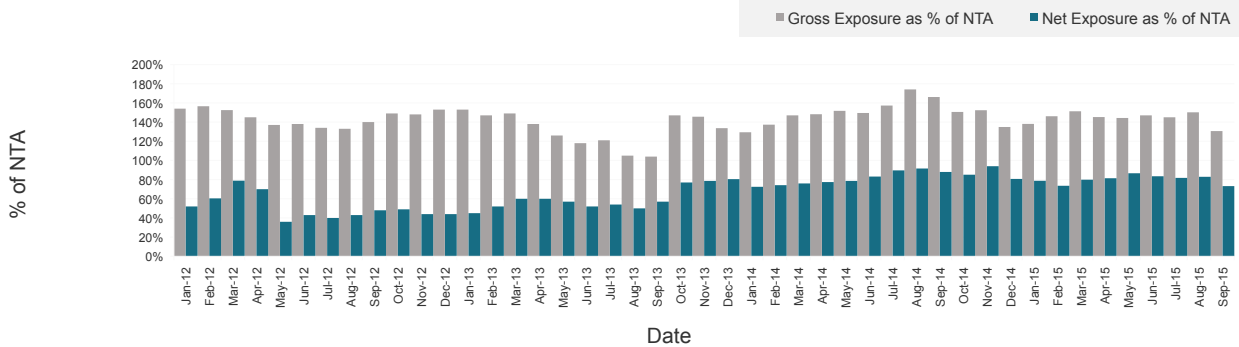
Bennelong runs a market neutral strategy, and is very good at it. Their correlation to markets when they fall is -0.55! That means, that since inception, when the market has been down in a month it has averaged -3.5% and Bennelong's average return in those same months is +1.90%. In up markets, the fund has a positive correlation of +0.42, so on average, it captures 42% of monthly gains. That is not to say it doesn't have down months. Its volatility is very similar to the market, but the returns are much higher.

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

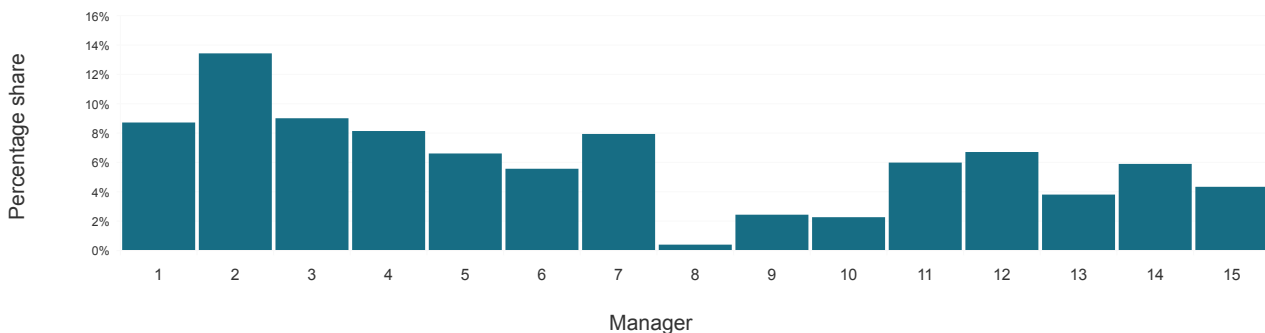
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	2.99%	3.40%	0.60%	0.82%	3.25%	0.00%	3.09%	0.50%	1.32%				17.06%
King Tide AUD	0.96%	7.05%	2.05%	-1.12%	-0.41%	-5.54%	5.88%	-0.66%	3.65%				11.86%
Blended Benchmark*	5.13%	2.46%	-1.92%	0.11%	3.19%	-0.17%	1.82%	-7.26%	-5.27%				-2.53%
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%
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%
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%

* 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.

DISCLAIMER: The information contained in this newsletter reflects the views and opinions of King Tide Asset Management Limited. The content of this newsletter is not intended as a substitute for specific professional advice on investments, financial planning or any other matter, and does not take into account any particular investor's objectives, financial situation or needs. Investors should seek the advice of an authorised financial adviser before making any investment decisions. Although the information provided in the newsletter is, to the best of our knowledge and belief correct, King Tide Asset Management, its directors, employees and related parties accept no liability or responsibility for any loss, damage, claim or expense suffered or incurred by any party as a result of reliance on the information provided and opinions expressed in this newsletter, except as required by law. Please also note that past performance is not necessarily an indication of future returns.