

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 size	NZ\$14.7m		KT NZD	Benchmark
Inception Date	January 1, 2012	1 Month	2.26%	1.17%
Unit Price	1.29	6 Month	10.84%	-3.96%
Since Inception p.a.	6.3%	1 Yr	14.86%	-4.58%
Benchmark	90% All Ords Accum/10% NZX50	2 Yr p.a.	11.92%	0.16%
Application	Monthly	3 Yr p.a	8.58%	4.64%
Redemption	Monthly with 35 days notice	Annualised SD	7.11%	11.18%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.44	1.00
Performance fee	10% with high water mark	Largest monthly loss	-3.30%	-6.84%
Administration	Adminis	Sharp Ratio (RFR=RBA cash)	0.53	0.36
Legal Counsel	Minter Ellison Rudd Watts	Avge Return in Market Positive Mths	1.45%	2.53%
Auditor	PWC	Avge Return in Market Negative Mths	-1.20%	-3.08%

Monthly Performance Review

We were pleasantly surprised by October's result which came on top of a very strong September quarter. King Tide rose +2.3% versus the benchmark's +1.2%.

Once again, currency movements affected our performance and the benchmark. The NZD rose +4.0% against the AUD, which wiped out most of the +4.6% rise in the All Ordinaries Accumulation Index. The NZX50 rose +7.0%, its largest gain in more than six years. This added to the strong recent outperformance of the NZ market over the Australian market.

Over one year, the NZ market has returned +11.1% vs Australia's +0.5%, and the difference in performance widens to 42.6% over five years. This is before you overlay the strong appreciation of the NZ dollar. In NZDs over five years, the Australian market is up just +12.7%, compared to a rise of +81.4% for the NZX50.

The very poor performance of the Australian market accounts for our benchmark's -4.6% and +0.3% over one and two years respectively. In this difficult environment, King Tide has risen +14.9% over one year, +25.2% over two years and over three years, has doubled the return of its benchmark.

These results are obviously due to the outstanding work of our underlying managers. In October Australian based funds rose on average +4.8% (in AUDs), which was more or less in line with the All Ords. Over the past 12 months, in a market which has been flat (+0.5%), these funds averaged +23.0%, which translates to +15.2% in NZDs.

NZ based funds rose on average +4.7% in October, and over the last 12 months, have risen +16.2%. The two PIE funds we invest in rose +23%, which is a great result given most of their positions are in Australia, and Aspiring was steady with a gain of +12.8%, ahead of the NZ market and also with a good deal of Australian exposure.

We believe results like this are hard to find anywhere in the world. Not only are the numbers well above market, but they have also been achieved with much less volatility than the market. This confirms our view that the Australian market in particular is a very good market for long/short equity funds.

So what makes Australia so attractive for long/short strategies? Firstly, the Australian market has very large sectors which are negatively correlated.

Over the last five years, the S&P/ASX 200 Resources Index has fallen -54.1%. The S&P/ASX Metals and Mining is down -57.2%, Energy is down -44.6% and Gold stocks are down -69.6%.

Over that same period, the XJO 35 Healthcare Index has risen +138.2%, Telcos +113.2%, Utilities +55.0%, Real Estate Investment Trusts +49.9%, Financials +39.0%, Industrials +31.7%, and Information Technology +27.0%.

This massive divergence has clearly created opportunities for long/short managers and has assisted those underlying funds which are active on the short side.

Another interesting feature of the Australian market is the very large concentration of money in the top 20 stocks. The ASX20 is 67% of the Australian market. For comparison, the top 20 in America is only 27% of that market.

Zenith Investment Partners, in their 2015 review of 'rated' large cap Australian equity managers, found that the average ASX20 exposure across these 315 funds was approx. 60% or only 7% underweight against the ASX200. This is not a large underweight looking across 20 securities.

Not surprisingly, this led to a correlation of these funds with the ASX 100 index of 0.97, and 0.98 versus the ASX300.

It is little wonder 77% of active long only managers have underperformed the Australian market over the past 5 years.

Auscap referred to this phenomena in their October newsletter with reference to the top 12 stocks in Australia. They looked at the last 20 months when the Australian market was last around current levels. Over that period, the top 12 companies in Australia fell -5.4% vs the All Ords +4.9%. Most of these companies have earnings headwinds and once again may be better owned on the short side than the long. This is a decision most fund managers cannot make, and gives our managers a strong competitive advantage.

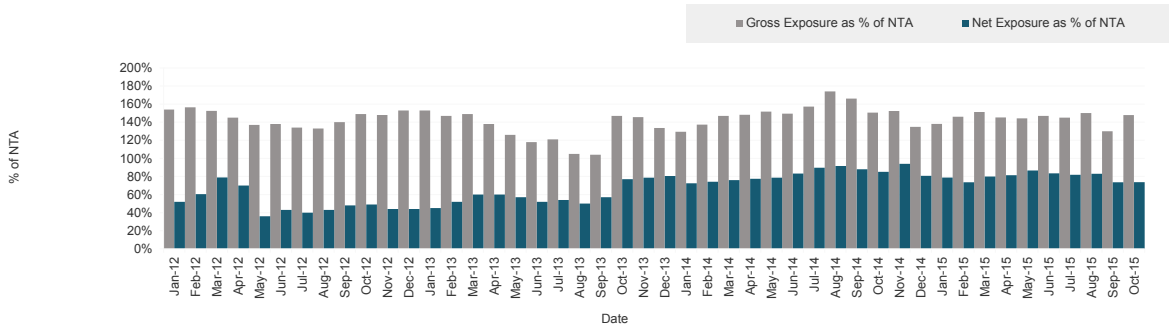


King Tide - Fund Performance vs. Benchmark (Net of Fees)

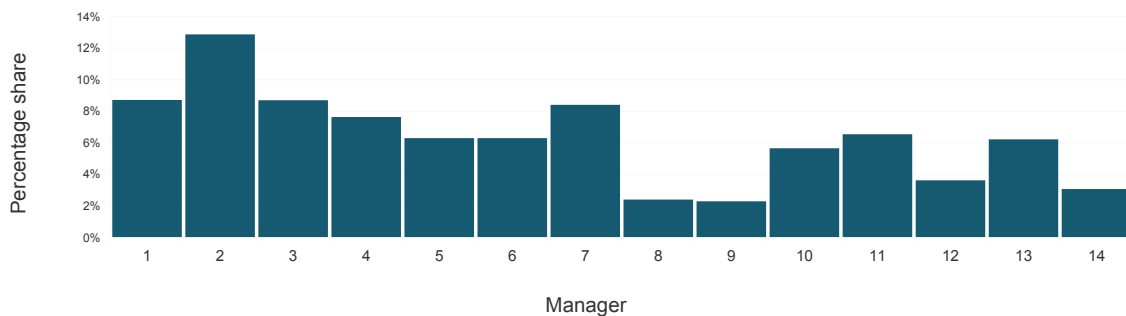
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	2.99%	3.40%	0.60%	0.82%	3.25%	0.00%	3.09%	0.50%	1.32%	2.26%			19.71%
Blended Benchmark*	5.13%	2.46%	-1.92%	0.11%	3.19%	-0.17%	1.82%	-7.26%	-5.27%	0.89%			-1.67%
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	-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%
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%
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%
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.

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