

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 King Tide NZ/Australian Long/Short Equity Fund (the Fund). • The Fund seeks to generate at or above equity market returns with lower volatility by investing in the best long/short equity managers in Australasia. We research and select managers who employ risk based strategies to extract gains from the divergent sectors in the Australasian markets, where there is very little hedge fund activity. King Tide's management committee and board have more than 90 years combined experience in capital markets and fund selection • We apply in-depth quantitative research which is overlaid by comprehensive qualitative analysis of each fund we select • We constantly monitor existing and new funds, making changes as we see fit • We 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 King Tide Fund. King Tide has a simple, transparent, and tax effective "PIE" structure, making it appealing to NZ and offshore investors alike.

Fund size	NZ\$21.4m		KT NZD	Benchmark
Inception Date	January 1, 2012	1 Month	-2.10%	-2.64%
Unit Price	1.36379	6 Month	3.01%	10.24%
Since Inception p.a.	6.2%	1 Yr	8.41%	4.93%
Benchmark	90% All Ords Accum/10% NZX50	2 Yr p.a.	9.69%	1.68%
Application	Monthly	3 Yr p.a	11.40%	4.85%
Liquidity	Monthly with 35 days notice	Annualised SD	7.74%	11.65%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.47	1.00
Performance fee	10% with high water mark	Largest monthly loss	-3.82%	-6.26%
Administration	Adminis	Sharp Ratio 3 yr (RFR=RBA cash)	1.24	0.27
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.62%	2.68%
Auditor	PWC	Avg Return in Market Negative Mths	-1.45%	-3.06%

Monthly Performance Review

King Tide was down -2.1% in August versus our benchmark's -2.6%.

This brings our year to date to -2.64%, well behind our benchmark's 4.78% gain. However, over one, two and three years, we have significantly outperformed. Cumulatively, over three years we have gained 38.3% net of all fees, versus our benchmark's 15.3%. Over two years, we have risen 20.3% versus our benchmark's 3.4%, and over one year, as the table above shows, we are up 8.4% versus the benchmark's 4.9%.

King Tide is an Australasian fund, but with a much higher weighting to Australian equities than other NZ based funds. This is simply a function of the much larger universe of managers in Australia with experience in risk based strategies. There are a growing number of managers now in NZ who are adopting a more risk based approach, and most are performing well. Comparisons are not easy because most local funds have higher weightings in NZ which has massively outperformed Australia over the last five years, but we know this will not always be the case.

At the end of August, King Tide was invested in sixteen underlying funds, the maximum we allow. Weightings ranged between 2% (in a fund we are adding) and our largest weighting which is 11%.

Results from underlying funds were mixed in August. Keeping in mind the All Ords was down -1.3%, of our thirteen Australian funds, five made money, three were down, but less than the market, and five fell more than the market. Fortunately the two best performing funds were our largest weightings.

NZ based managers, PIE (2 funds) and Aspiring made money, with PIE, once again impressive with their growth fund adding 3.1% and their emerging fund up 1.8%.

The NZ dollar strengthened 1.7% versus the AUD in August. Our strategy is to actively hedge currency. This strategy has worked well over the last 12 months with the kiwi rising 8%. Through forward contracts and options, we managed to cover around 70% of currency losses. As the kiwi climbs higher we will tend to be less hedged and moves like those in August, from one extended level to an even more extended level. hurt the most. In August

One of the challenges of a fund of funds is to decide when to quit a manager which may be experiencing a period of below average performance. Every actively managed fund experiences divergence from the market in which it operates and this can go on for some time. Funds also change, and sometimes those changes coincide with a difficult market and poor returns, and sometimes those changes themselves may be contributing to the drop off in returns.

Some of the things which change and which we consider important, are changes in a funds size. If a fund rapidly increases in size we take particular note. Different strategies have vastly different capacity, but where there is a significant increase in size this can often be a drag on performance. Certain trading strategies can derive benefit from being a bit bigger, with better access to deals etc, but this is more the exception than the rule.

Personnel changes are another key factor we monitor. If a person we consider to be key to a fund's performance pulls back, we will more often than not, also pull back.

While there are managers we are exiting, we are also finding managers to add to the portfolio. As mentioned, we began adding to a new fund in July, and we intend to build out this position over the next two months. The new fund is Paragon, which was launched in February 2013 by two experienced and talented managers. We have been building our investment slowly because of the fund's very strong recent run. We were not surprised by their -8% number in August, and we are happy to build the remainder of our position at the lower price.

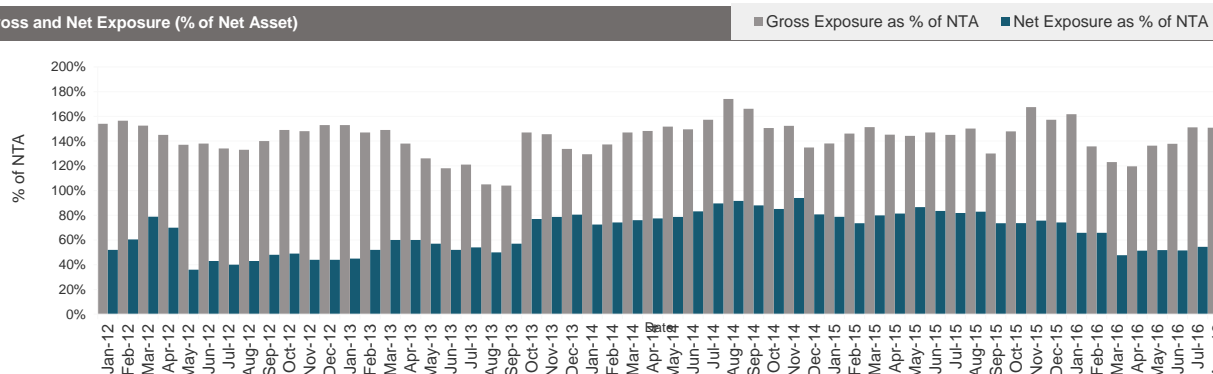
Currently our largest weighting is Auscap, a fund we first added when it had just \$8m in FUM (Funds under Management). There is a lot we like about Auscap, as with all of our underlying funds, but there are reasons we are comfortable having a larger weighting; it invests primarily in the big end of the market - in the last year, 80% of their gains came from top 100 stocks; they are not overly concentrated, currently running 39 positions; they are what we would call 'traditional' long/short managers who take long and short positions in stocks, based on their own in-depth research and analysis of a business's intrinsic value - in the last year 19% of their gains were from short positions. Their returns to date have been exceptional.

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

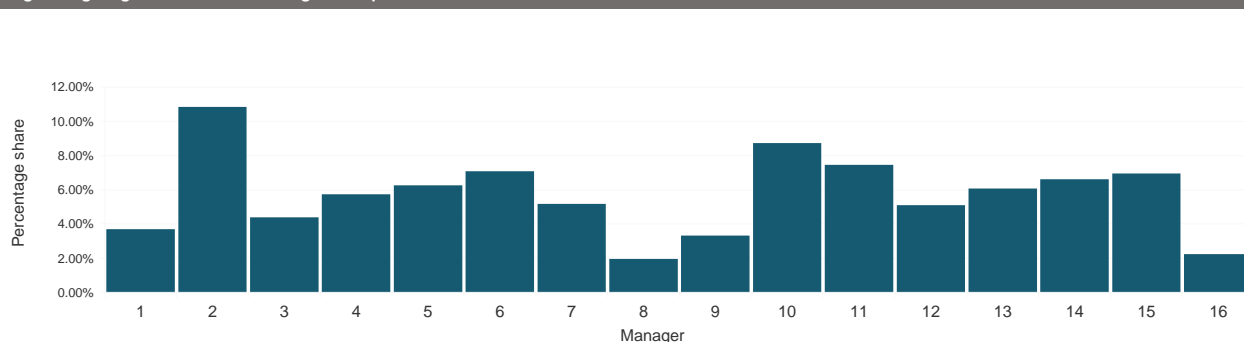
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	-1.73%	-3.82%	1.54%	-1.04%	2.80%	-2.32%	4.29%	-2.10%					-2.64%
Blended Benchmark*	-3.05%	-1.96%	7.31%	1.48%	1.36%	-4.36%	7.25%	-2.64%					4.79%
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD	2.99%	3.40%	0.60%	0.82%	3.25%	0.00%	3.09%	0.50%	1.32%	2.26%	5.07%	2.27%	28.65%
Blended Benchmark*	4.91%	3.25%	-1.38%	0.34%	3.94%	-0.07%	1.67%	-6.04%	-4.34%	1.11%	3.34%	0.19%	6.50%
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*	-2.40%	3.02%	0.83%	2.16%	1.96%	-2.86%	5.53%	2.72%	-5.04%	4.59%	-6.26%	-1.10%	3.02%
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*	3.74%	3.06%	0.10%	1.32%	-4.72%	-3.76%	0.51%	4.29%	0.28%	5.69%	-3.28%	-2.19%	4.49%
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*	2.74%	1.92%	0.38%	1.72%	-5.40%	-0.89%	5.33%	1.55%	-0.09%	3.70%	1.18%	2.19%	14.85%

*90% All Ordinaries Accum/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.

