

Market and Fund Review

King Tide rose 1.48% in July, bringing year to date performance to 2.20%. The NZ market rose 1.08%, continuing its very strong run and maintaining its 5 year average above 15% p.a. (currently 16.7% p.a.)

The All Ords Accumulation Index rose just 0.2% and by way of comparison, has risen 10.8% p.a. over the past 5 years. Measured in NZDs, the All Ords rose 1.69% in July but over 5 years, the annualised return is only 6.56%. Investors in NZ, many of whom are overweight NZ shares in their portfolios and kiwi saver accounts, have experienced very strong gains on the back of the outstanding performance of our local market.

Manager returns in July ranged between -0.8% and +4.8%. Australian based funds rose on average 0.54%, and our two NZ based funds rose 1.6%.

Currency was accretive in July, with a weaker NZ dollar giving us net currency gains of around 1%.

In August we are adding a new fund, the **EGP Concentrated Value Fund**, managed by Tony Hansen. Tony has been managing his own capital, and over the last 6 years accumulated 50 clients under a limited partnership structure. He reached the 50 client limit, and decided it was time for a more robust structure, so formed a unit trust, and with the help of industry veteran Chris Cuffe, invited new investors along.

The unique thing about EGP, is that it will close at capacity on day one. Tony wanted to cap the fund at \$50m to ensure size does not impinge on his performance, and will close the fund at that level on August 31.

There are two good reasons why Tony is more focused on performance than growing funds under management. Firstly Tony has all of his capital outside of his house and car in the fund, and secondly, EGP only charges a performance fee – no management fee. If that doesn't focus a manager on performance, nothing will.

Both limiting size and alignment of interest are important factors for King Tide when we are assessing managers.

Existing investors like ourselves will be able to add to our holding, but there will be a limit on monthly additions, so no one investor can become too big in the fund. At around \$100m, the fund will hard close. Further, no additional contributions will be allowed until the \$50m portfolio is bedded down. Tony estimates this will be early next year.

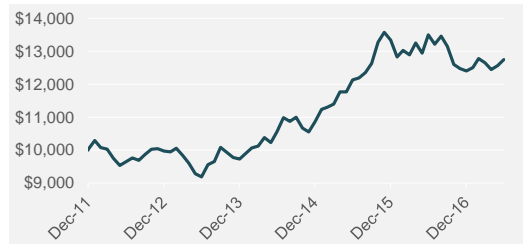
EGP invests predominately in smaller businesses. His average holding period has been more than eight years. This is very unusual, but reflects his approach to hunting out quality businesses, and staying the course. This does not prevent him from trading around his positions, which he does.

Since he started under the partnership structure in March 2011, to the end of July 2017, he has averaged 15.98% p.a. He has achieved this by being far more consistent than the market. In fact, his returns are amongst the most consistent that we have seen. That is not to say he hasn't had drawdowns. In 2011, his fund fell 14% between August and December, and did not fully recover those gains until August 2012. Since then EGP's largest drawdown has been -3.5%, while the Australian market has had two drawdowns of -12%.

	3mth	6mth	1yr	3yr p.a.	5yr p.a.	Since Inception
EGP No.1 Fund	0.02%	1.33%	14.31%	13.79%	18.87%	15.98%
All Ords	-2.13%	3.87%	6.62%	5.34%	10.82%	7.00%

Tony applies a value discipline to his process, and we look forward to a long and mutually beneficial relationship with him.

NZD \$10,000 Invested at Inception



Performance Metrics (%)

	KT NZD	Benchmark *
1-Month	1.48%	1.63%
3-Month	0.79%	-3.60%
6-Month	2.79%	6.86%
1-Year	-5.56%	7.43%
3-Year p.a.	6.47%	5.43%
5-Year p.a.	5.73%	7.60%
Since Inception p.a.	4.45%	7.82%

* 90% All Ords Accum/10% NZX50

Fund Overview

King Tide Asset Management ('King Tide') is a specialist, independent investment management company and the manager of the "King Tide NZ/Australian Long/Short Equity Fund". We research and select managers who employ risk based strategies to extract gains from the divergent sectors in the Australasian equity markets. The King Tide team have more than 100 years experience in capital markets as managers, investors and allocators of capital. We look for great people, an alignment of incentives, and skin in the game. The fund offers access to some of Australasia's best "risk-based" equity managers. King Tide has a simple, transparent, tax effective "PIE" structure, making it appealing to NZ and Offshore investors.

Risk Metrics

	KT NZD	Benchmark
1-Yr Standard Deviation	6.72%	10.43%
1-Yr Sharpe Ratio ^	-1.12	0.52
3-Yr Standard Deviation	8.15%	12.40%
3-Yr Sharpe Ratio	0.45	0.21
Std Dev (Since inception)	7.62%	11.37%
Sharpe Ratio (Since inception)	0.22	0.44
Tracking Error	8.41%	n/a
Beta	0.45	1.00
Worst Month	-4.16%	-6.26%
Maximum Drawdown	-10.71%	-10.57%
Ave Rtn in Market +ve Months	1.35%	2.61%
Ave Rtn in Market -ve Months	-1.46%	-3.00%
Up Capture	0.52	1.00
Down Capture	0.49	1.00

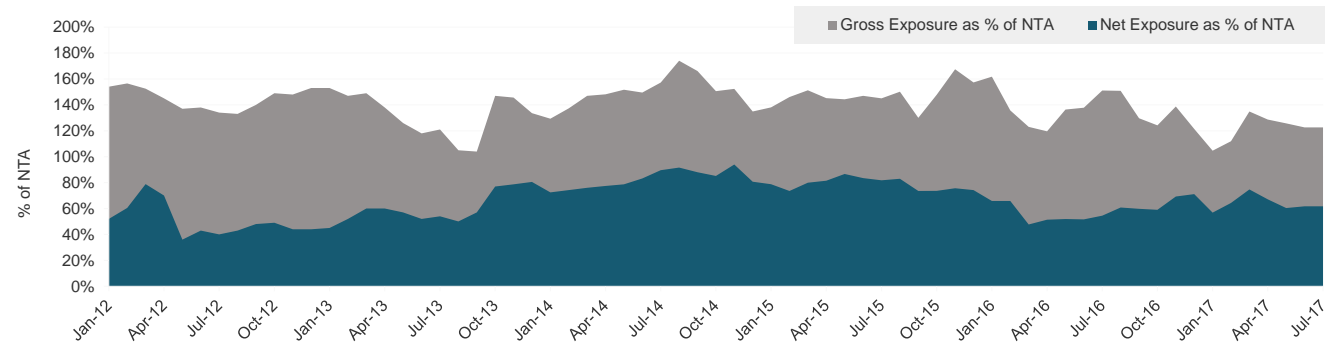
^ RFR = RBNZ 90 day bank bill rate

King Tide - Fund Performance (Net of Fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	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%
2013	-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%
2014	-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%
2015	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%
2016	-1.73%	-3.82%	1.54%	-1.04%	2.80%	-2.32%	4.29%	-2.10%	1.83%	-2.31%	-4.16%	-1.00%	-8.10%
2017	-0.58%	0.81%	2.20%	-1.02%	-1.60%	0.93%	1.48%						2.20%

Performance results are presented net of all transaction costs, investment management and performance fees incurred by the Fund.

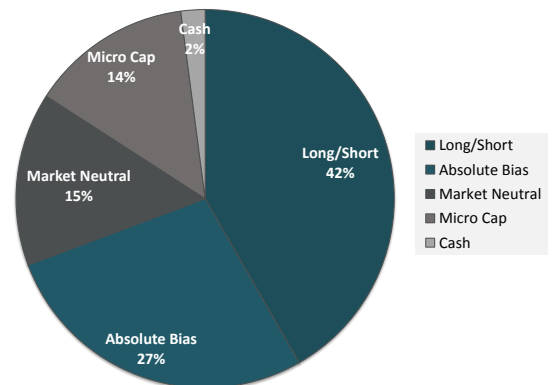
Gross and Net Exposure (% of Net Assets)



Top 10 Funds: (% of Net Assets)

Fund name	Strategy	% of assets
Auscap Long Short Australian Equities Fund	Long/Short	11.96%
L1 Capital Long Short Fund	Long/Short	10.12%
Wilson Asset Management Equity Fund	Absolute Bias	8.89%
LHC Capital Australia High Conviction Fund	Long/Short	7.64%
Watermark Market Neutral Trust	Market Neutral	7.59%
Tasman Market Neutral Fund	Market Neutral	7.23%
Wavestone Australian Absolute Return Fund	Long/Short	6.55%
The Level 18 Fund	Absolute Bias	6.41%
Smallco Investment Fund	Absolute Bias	6.25%
Sandon Capital Activist Fund	Absolute Bias	6.04%

Strategy Weightings: (% of Net Assets)



Fund Information

Name	King Tide NZ/Australia Long Short Equity Fund
Structure	Wholesale Unit Trust
Domicile / Currency	New Zealand / NZD
Inception	31 December 2011
Management Fee	0.75%
Performance Fee	10.00%
High Watermark	Yes
Minimum Investment	NZD\$10,000
Subscription Frequency	Monthly
Redemption Frequency	Monthly
Buy / Sell Spread	0.30%

Service Providers

Trustee	Guardian Trust
Fund Administrator	Adminis
Fund Custodian	Adminis
Legal Advisor	Minter Ellison Rudd Watts
Fund Auditor	PWC

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Note: King Tide's Information Memorandum is available on request. King Tide's performance is expressed in NZ dollars, and currency fluctuations may significantly impact 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.

