

Market and Fund Review

King Tide rose +3.50% in August against +4.45% for our benchmark as the uptrend in New Zealand equities (+1.60%) that started late last year continued unabated. Australian equities also traded up +0.79% for the month although the market index has remained rangebound for the last four months heightening expectations there will be a major breakout one way or the other.

Currency movement was once again the main driver of the fund's performance with the Kiwi dollar falling -4.0% for the month to its lowest levels since April '16. All eyes have turned to the result of the New Zealand election which currently sits on a knife edge, with the uncertainty likely to continue well after election day.

PIE Emerging Companies Fund topped our manager league table in August as they rode the currency tailwind to a new all-time high with a return of +3.92%. The same couldn't be said for its stablemate the PIE Australian Growth Fund, which fell -0.30%, and currently languishes 16.7% below its record high reached in October '16. Despite this we continue to believe PIE is a quality organisation and their long-term performance has been nothing short of exceptional. We will continue to support them while Chris Bainbridge takes the reins of both of PIE's Growth Funds and Mike Taylor remains as CIO, providing oversight of all PIE funds.

Meanwhile LHC were the cellar dwellers this month after a fall of -3.21%, hurt by both their long and short books. It has been an annus horribilis for LHC who now find themselves down -16.5% from their September '16 highs. Although far from ideal this is not completely unexpected for such a high conviction strategy that focuses on the smaller end of the market, and it is hard to question the ability of a manager that has returned 16.4% p.a. since inception May'11.

Wilson Asset Management Equity Fund

Wilson Asset Management (WAM) was founded by Hall of Fame fund manager Geoff Wilson in 1997, and currently manages more than A\$2bn. Geoff is supported by an investment team of seven, including CIO Chris Stott who joined from Challenger in 2006. WAM are perhaps better known for their suite of six LIC's, that focus on undervalued growth companies, although they also manage the unlisted WAM Equity Fund, which King Tide has been invested in since November '13.

WAM have historically focused on under researched and undervalued small to medium sized industrial companies through the WAM Equity Fund (launched in Jan'98) and subsequently their flagship listed vehicle WAM Capital Ltd (WAM:ASX) which launched in Aug'99. Unfortunately for new investors the strong performance and history of high fully franked dividends has seen WAM Capital trade to an eye watering 25% premium to NTA.

	3mth	6mth	1yr	3yr p.a.	5yr p.a.	10yr p.a.
WAM Equity Fund	3.21%	3.22%	3.43%	10.43%	14.69%	7.92%
All Ords	1.26%	2.55%	8.91%	5.37%	10.53%	3.59%

WAM subsequently launched WAM Active Ltd (WAA:ASX) in Jan'08 and WAM Research Ltd (WAX:ASX) in Jul'10 for investors who chose to focus on the WAM's market driven and research driven processes respectively. These were followed by WAM Leaders Ltd (WLE:ASX) in May'16 focusing on the ASX top 200 and Century Australia (CYA:ASX), which was the product of a LIC arbitrage trade. Finally, and most recently the \$150m WAM Microcap Ltd (WMI:ASX) was launched in Jun'17.

The WAM Equity Fund essentially holds an identical portfolio to WAM Capital Ltd with minor differences due to the greater need for liquidity in the unlisted vehicle. The investment strategy for both funds is split between a research driven buy-and-hold portfolio and a market driven actively traded portfolio which has seen them gain a reputation for being across everything in the market from IPO's to LIC arbitrage.

The research driven portion of the portfolio is based on fundamental bottom-up stock picking, resulting in a 20-60 stock portfolio turning over about 0.5x per year. The market driven portfolio takes advantage of short term arbitrages and mispricing resulting in a 40-60 stock portfolio turning over 4-5x per year.

In general, WAM rarely short individual stocks - historically less than 5% of the fund - and often as one leg of a pairs trade, preferring instead to hold high levels of cash, which can often constitute up to 50% of their funds. Whilst not providing the same degree of protection in the event of a market correction as an active short position, high levels of cash can certainly soften the blow, which WAM's long-term down capture of 0.38 would tend to confirm.

NZD \$10,000 Invested at Inception



Performance Metrics (%)	KT NZD	Benchmark *
1-Month	3.50%	4.45%
3-Month	6.00%	6.70%
6-Month	5.52%	6.89%
1-Year	-0.17%	15.26%
3-Year p.a.	6.30%	6.02%
5-Year p.a.	6.21%	8.20%
Since Inception p.a.	5.01%	8.53%

* 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	7.51%	10.41%
1-Yr Sharpe Ratio ^	-0.28	1.28
3-Yr Standard Deviation	8.08%	12.55%
3-Yr Sharpe Ratio	0.44	0.26
Std Dev (Since inception)	7.68%	11.39%
Sharpe Ratio (Since inception)	0.29	0.50
Tracking Error	8.35%	n/a
Beta	0.46	1.00
Worst Month	-4.16%	-6.26%
Maximum Drawdown	-10.71%	-10.57%
Ave Rtn in Market +ve Months	1.40%	2.65%
Ave Rtn in Market -ve Months	-1.46%	-3.00%
Up Capture	0.53	1.00
Down Capture	0.49	1.00

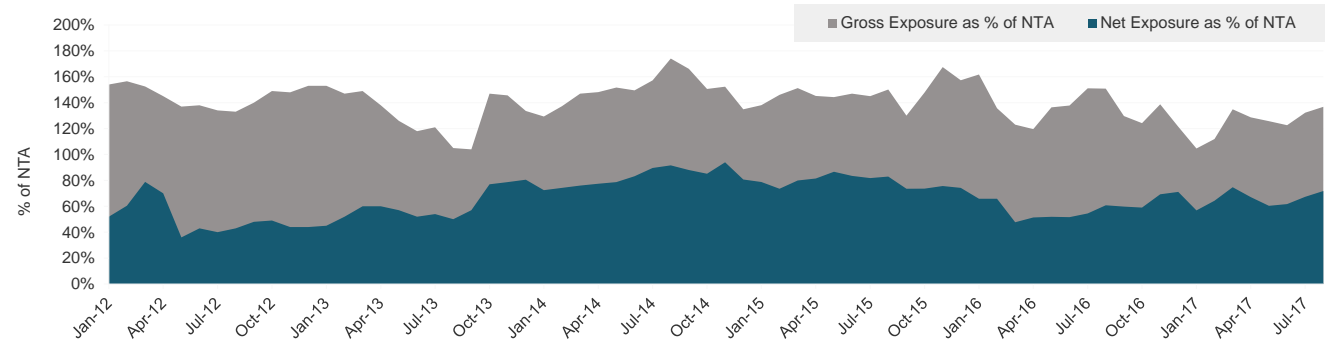
^ RFR = RBNZ 90 day bank bill rate

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%	3.50%					5.77%

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

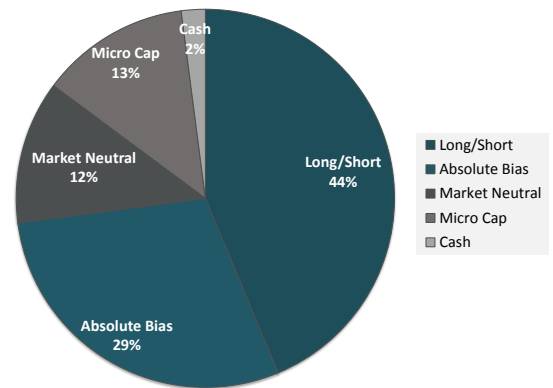
Gross and Net Exposure (% of Net Assets)



Top 10 Funds: (% of Net Assets)

Fund name	Strategy	% of assets
Auscap Long Short Australian Equities Fund	Long/Short	12.55%
L1 Capital Long Short Fund	Long/Short	10.51%
Wilson Asset Management Equity Fund	Absolute Bias	9.14%
LHC Capital Australia High Conviction Fund	Long/Short	7.55%
Tasman Market Neutral Fund	Market Neutral	7.54%
Wavestone Australian Absolute Return Fund	Long/Short	6.68%
The Level 18 Fund	Absolute Bias	6.67%
Sandon Capital Activist Fund	Absolute Bias	6.63%
Smallco Investment Fund	Absolute Bias	6.28%
Atlantic Absolute Return Fund	Long/Short	5.72%

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.

