

#### 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.

<b>Fund size</b>	NZ\$20.9m		<b>KT NZD</b>	<b>Benchmark</b>
<b>Inception Date</b>	January 1, 2012	<b>1 Month</b>	2.80%	1.36%
<b>Unit Price</b>	1.36664	<b>6 Month</b>	-0.16%	5.12%
<b>Since Inception p.a.</b>	6.6%	<b>1 Yr</b>	12.62%	0.31%
<b>Benchmark</b>	90% All Ords Accum/10% NZX50	<b>2 Yr p.a.</b>	12.99%	4.41%
<b>Application</b>	Monthly	<b>3 Yr p.a</b>	11.34%	5.21%
<b>Liquidity</b>	Monthly with 35 days notice	<b>Annualised SD</b>	7.53%	11.19%
<b>Administration fees</b>	0.75% total, incl Trustee, Custodian, Audit	<b>Beta</b>	0.45	1.00
<b>Performance fee</b>	10% with high water mark	<b>Largest monthly loss</b>	-3.82%	-6.26%
<b>Administration</b>	Adminis	<b>Sharp Ratio (RFR=RBA cash)</b>	0.61	0.50
<b>Legal Counsel</b>	Minter Ellison Rudd Watts	<b>Avge Return in Market Positive Mths</b>	1.55%	2.55%
<b>Auditor</b>	PWC	<b>Avge Return in Market Negative Mths</b>	-1.37%	-3.01%

#### Monthly Performance Review

King Tide rose +2.80% in May versus a gain of +1.36% for our benchmark. The reason the benchmark is not higher, is because of the strong appreciation of the NZD in May which of course impacts returns out of Australia, which has a 90% weighting in our benchmark. The All Ords Accumulation Index rose +3.1% and the NZX50 rose +3.2%, while currency saw a 1.9% fall in the AUD versus the NZD.

Given our active approach to hedging currency, we were less than 50% hedged at the start of May, and the strength of the NZD trimmed 0.9% from our return. We ended the month just on 50% hedged.

However, underlying manager performance was pleasing. Australian based funds averaged +4.3% while NZ managers were up +2.8%.

Volatility was still a factor in Australian equities. The strong rally in resources came to an end in May with the sector falling -5%. This was on the back of weak China data which saw commodity prices give back all of April's gains. Iron ore and steel prices fell -24% and -19% respectively.

On the other side healthcare rose +9.4%, with Ramsay again leading the way with a 12% gain. Companies with offshore exposure, like CSL, Macquarie Bank and Brambles were also strong on the back of a weaker AUD. The RBA surprised the market by cutting rates a further 25bps in May to an all-time low of 1.75%.

While King Tide have lagged markets in the last six months, the Fund is now building a very solid track record over the longer term. Our one, two and three year numbers are significantly better than the market in which we invest. The table above shows that for the first time, we have broken into double digits over three years, gaining +11.34% p.a. net of all fees. This is more than double the return of our benchmark.

Further, the quality of that return is enhanced by the lower volatility our investors have experienced in achieving these gains. Our annualised standard deviation is just two thirds that of the market. Volatility is often mistaken for risk, and we disagree with this definition. But, there is no doubt, the lower the volatility of returns the better. Of course up-side volatility, when there is some large gains, is great. It is down-side volatility which you must

try to limit if you are serious about compounding returns.

On this measure, the table above shows that we are also tracking well, falling on average less than half as much as our benchmark in down months. The table also shows that in up markets we have, to date, captured 61% of the market's gains. This number is improving. Over the last three years, we have captured 82% of gains in up markets and fallen just 38% as far as the market in down months.

We continue to strive for improvements across our portfolio, monitoring all of our managers, and all managers in the sector (currently 65 funds) each month.

There have been a number of changes in the last year. We have added two market neutral funds, Bennelong and Tasman. Tasman is managed by Regal and we switched from their higher beta long/short fund to Tasman, Regal's market neutral fund, averaging the transaction over a couple of months in March/April this year. We switched from Watermark's listed market neutral fund to its unlisted fund (same underlying portfolio), locking in a 15% gain from the contraction of the listed fund's discount, and have increased our weighting. Listed fund 8EC was added this year and we continue to accumulate shares in this fund at a significant discount to its NTA. There has been one redemption from a smaller market neutral fund.

The business itself continues to grow, and we are pleased to report that funds under management exceeded \$20m for the first time in May. We welcome new investors on board and are also grateful to those who have remained with us over the years. We appreciate the support of all of our investors.

Senior management including members of the investment committee have also continued to add to their own personal investment in the Fund, and represent about 20% of the Funds total assets.

In May we added a new staff member, Sam Brindle, who will assist Mark with day to day management focusing on research, marketing and compliance. Sam is a geologist by training but subsequently acquired a post graduate diploma in finance and has worked as a financial analyst with extensive experience in large financial institutions in the UK and Australia.

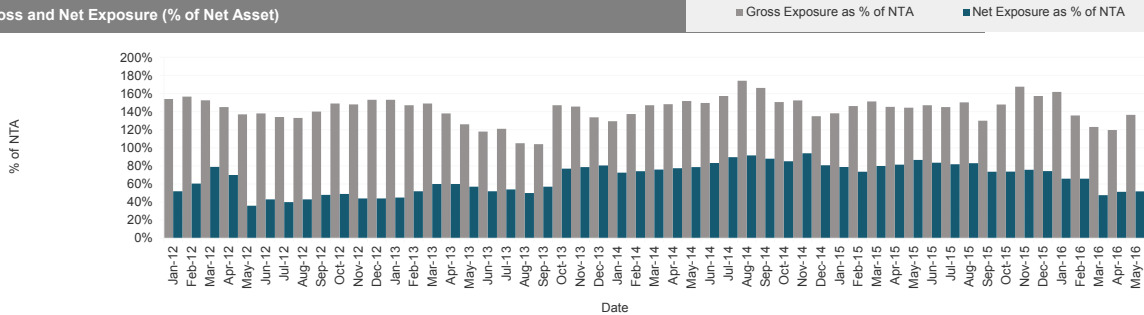


King Tide - Fund Performance vs. Benchmark (Net of Fees)

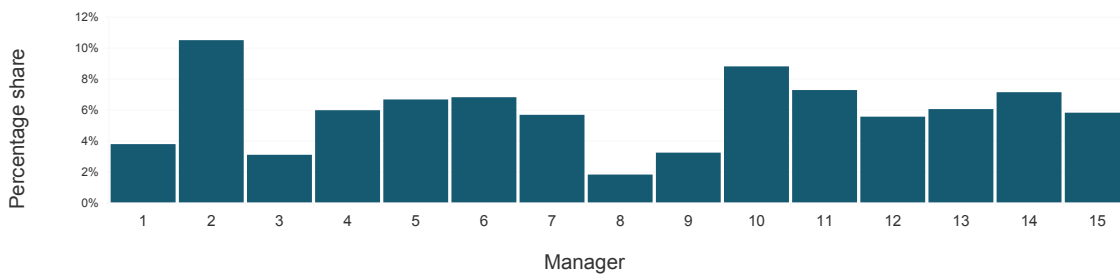
	2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD		-1.73%	-3.82%	1.54%	-1.04%	2.80%								-2.38%
Blended Benchmark*		-3.05%	-1.96%	7.31%	1.48%	1.36%								4.93%
	2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
King Tide NZD		2.99%	3.40%	0.60%	0.82%	3.25%	0.00%	3.09%	0.50%	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.

