

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\$21.7m		KT NZD	Benchmark
Inception Date	January 1, 2012	1 Month	-2.31%	-1.60%
Unit Price	1.35671	6 Month	1.99%	1.38%
Since Inception p.a.	5.8%	1 Yr	4.08%	8.58%
Benchmark	90% All Ords Accum/10% NZX50	2 Yr p.a.	9.34%	1.79%
Application	Monthly	3 Yr p.a	9.24%	2.89%
Liquidity	Monthly with 35 days notice	Annualised SD	7.74%	11.50%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.48	1.00
Performance fee	10% with high water mark	Largest monthly loss	-3.82%	-6.26%
Administration	Adminis	Sharp Ratio 3 yr (RFR=RBNZ cash)	0.78	-0.01
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.63%	2.66%
Auditor	PWC	Avg Return in Market Negative Mths	-1.50%	-2.99%

Monthly Performance Review

October was a very tough month for a number of our underlying funds. Three in particular accounted for our poor result. Two of those were out of Regal Asset Management, arguably the most successful long/short manager in Australia. The other was from new addition Paragon.

The end result was a fall of -2.31% for the Fund versus the benchmark's -1.60%. The NZ dollar fell -1.0% which helped us, but not as much as it helped the benchmark given we are partially hedged while the benchmark is unhedged. Obviously, the reverse also occurs when the NZD rises, we have an advantage over the benchmark to the degree we are hedged.

It is important to remember that we refer to the benchmark simply as a useful measure given King Tide invests principally in the Australian equity market with some exposure to NZ equities. We do not target relative returns and none of our underlying funds have any regard to the benchmark when selecting stocks. Most of our underlying funds can invest in both NZ and Australia shares, but the sheer size, liquidity and dynamism of the Australian equity market, and the fact that thirteen of our fifteen funds are Australian based, means that generally, at least 90% of underlying holdings are in Australian listed businesses.

October's result means King Tide is now down -3.14% year to date versus +4.95% for the market. There appears to be very little light at the end of the tunnel, with currency moving against us in November and the Australian market only marginally firmer.

The long anticipated correction in the NZ share market began in September. The NZ50 index fell 12% in two months following its September 7th all-time high. We had very little exposure particularly given we have redeemed Aspiring, which, being NZ based and managed by Steve Montgomery, a highly gifted and experienced investor in the NZ market, generally had a reasonable weighting in local stocks. Our other local manager PIE, tends to have a much higher weighting to Australian stocks.

Only seven funds from our database of seventy two made money in October, and twenty two funds underperformed the Australian market's -2.2%.

From King Tide's perspective it felt like a very poor month.

Not to focus too much on just one month, but when you own the bottom four funds on your database, you know it has been a tough month. One of these, Regal Small Companies is only a 1% position as we have just begun to add it. The other three, mentioned above, accounted for all of our losses and then some.

Year to date, the same applies, with all of our losses plus some coming from Regal's Tasman Fund, which is market neutral, and Regal Atlantic, which is highly geared and invests across the market, with a bias to small caps. Phil King, the founder and CIO at Regal is a renowned short seller. However, this year, for the first time in more than twelve years, he has lost money on the short side.

There are a number of reasons we will redeem a manager, but having a bad year is not one of them. All of the funds we invest in manage money with no regard to market indices, so by definition, there will be periods of underperformance. If they are short businesses which the market continues to over value, or own stocks which the market undervalues, they will underperform.

This applies to even the very best. Warren Buffet underperformed the S&P500 by 26% between October 1989 and September 1990 and it took him 3.3 years to break even. Then again between June 1998 and February 2000 he lagged by 54% and it was more than 4.4 years before he caught up. Between October 2008 and April 2012, he underperformed by 30% and still hasn't caught up. Yet between March 1980 and October 2016, he has delivered 20% p.a. versus Vanguard's S&P500 fund's 10.5% p.a.

The two Regal funds have added annualised alpha since inception of 12% p.a. and 24% p.a. respectively, a remarkable achievement. This is not the first time they have been through periods of significant underperformance. The beauty of King Tide's strategy is that we can soften the impact of these periods through our diversification across multiple funds.

Despite a poor 2016, King Tide's two and three year numbers are excellent particularly when seen in light of a relatively poor period for Australian shares.

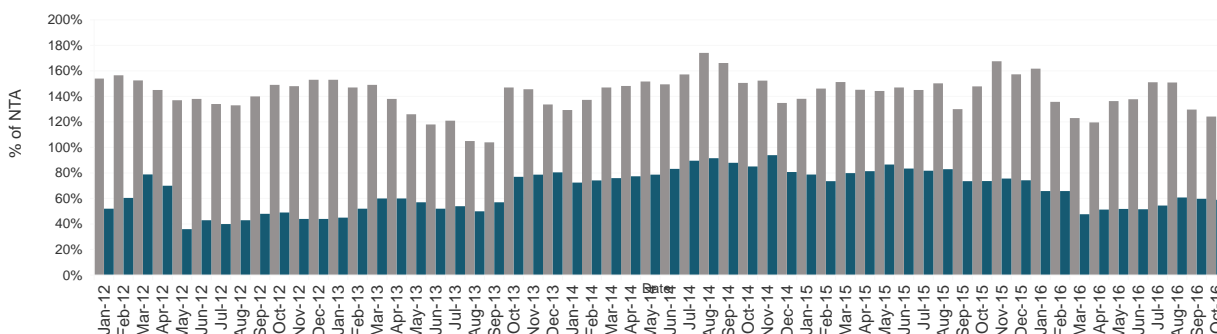
King Tide - Fund Performance vs. Benchmark (Net of Fees)

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%	1.83%	-2.31%			-3.14%
Blended Benchmark*	-3.05%	-1.96%	7.31%	1.48%	1.36%	-4.36%	7.25%	-2.64%	1.79%	-1.60%			4.95%
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%

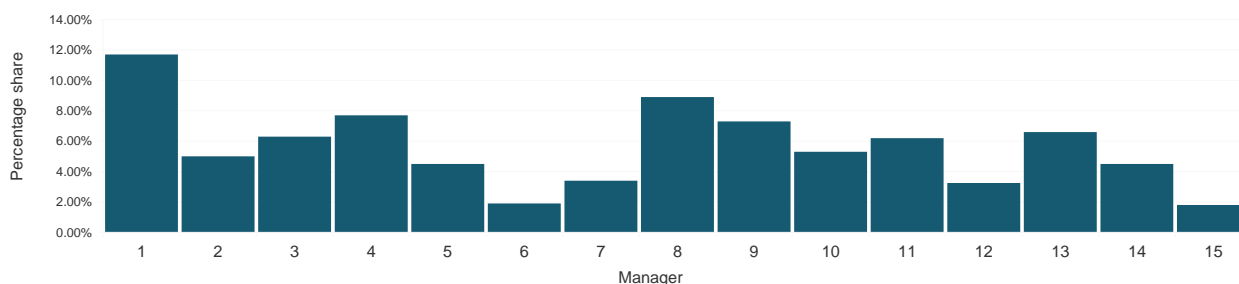
*90% All Ordinaries Accum/10% NZX50

Gross and Net Exposure (% of Net Asset)

■ Gross Exposure as % of NTA ■ Net Exposure as % of NTA



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.