

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.

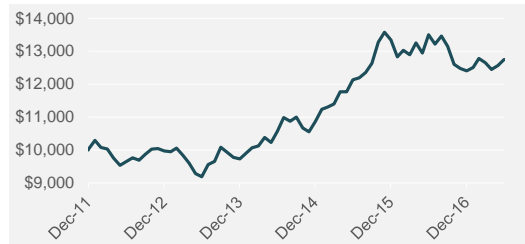
EGP invests predominately in smaller businesses. His average holding period has been more than eight years. This is very unusual, but reflects his approach to hunting out quality businesses, and staying the course. This does not prevent him from trading around his positions, which he does.

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 |

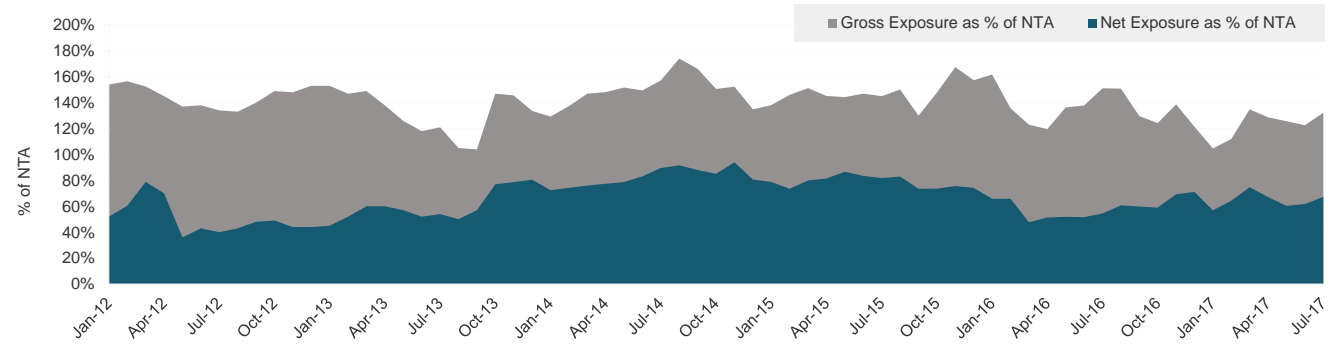
^ RFR = RBNZ 90 day bank bill rate

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.

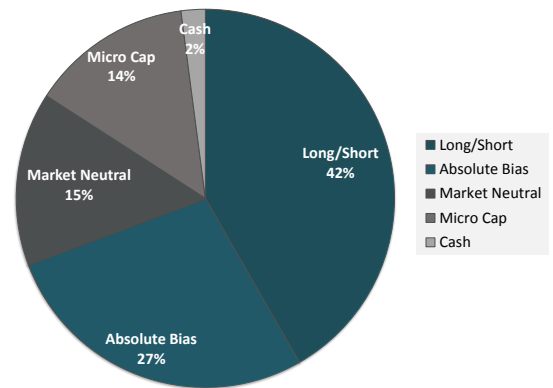
Gross and Net Exposure (% of Net Assets)



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 |

King Tide Asset Management

19 Como Street, Takapuna
 P.O.Box 33-1119
 Auckland 0740, New Zealand

Ph: +64 9 489 3757
 Email: info@kingtide.co.nz
 www.kingtide.co.nz

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.

