

## 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\$22.1m		KT NZD	Benchmark
Inception Date	January 1, 2012	1 Month	1.83%	1.79%
Unit Price	1.388800	6 Month	3.31%	4.56%
Since Inception p.a.	6.5%	1 Yr	8.96%	11.64%
Benchmark	90% All Ords Accum/10% NZX50	2 Yr p.a.	11.26%	4.94%
Application	Monthly	3 Yr p.a	11.71%	5.37%
Liquidity	Monthly with 35 days notice	Annualised SD	7.70%	11.56%
Administration fees	0.75% total, incl Trustee, Custodian, Audit	Beta	0.47	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)	1.08	0.18
Legal Counsel	Minter Ellison Rudd Watts	Avg Return in Market Positive Mths	1.63%	2.66%
Auditor	PWC	Avg Return in Market Negative Mths	-1.45%	-3.06%

## Monthly Performance Review

King Tide rose 1.8% in September, broadly in line with our benchmark which rose 1.79%. The benchmark received positive contributions from the ASX All Ords (+0.40%) and the NZD/AUD exchange rate (+1.63%), while the NZX50 (-0.51%) caused a slight drag. Over 12 months the fund has returned 8.9% versus 11.6% for our benchmark albeit with significantly lower volatility than the market.

Small cap stocks continue their dominance of the Australian market with the ASX Small Ordinaries up 29.1% over the last year compared to 13.2% for the large cap ASX 200, meanwhile the NZX50 returned an impressive 31.6%.

In September we decided to redeem our positions in two funds, Aspiring and Kardinia. Both of these managers have been in the fund since its inception.

As we have discussed previously, we have a set of guiding principles with regards to selecting managers for the fund and we are constantly reassessing our investment case as new information comes to light.

At the end of the day selecting a fund manager is as much a qualitative as a quantitative exercise, as fundamentally you are investing in the "talent" of the manager to achieve superior risk-adjusted returns. For this reason we remain extremely cautious when there are changes in a fund's key personnel.

One of our fundamental views is that manager performance tends to deteriorate as the size of the fund increases. Although this varies greatly between managers depending on the strategy employed, and a growing market should provide an increasing opportunity set, there is no escaping the fact that both of these funds are significantly larger than when we first invested.

Likewise, we also believe that a fund's formative years are often its best, and while there are some managers that have disproven this theory they are few and far between. The reality is the investment landscape is littered with once great managers whose stars eventually waned, while there is a steady stream of younger and hungrier managers ready to knock them off their perch.

A good example of this is the recent addition to the portfolio of a Melbourne based long/short fund which ticks a lot of the boxes we look for in a manager such as; early stage, low FUM, skin-in-the-game, great track record, simple fundamental bottom-up strategy and low correlation to market returns.

Like many of our managers they learnt their craft working for some of Australia's leading investment managers before launching their own fund. They went on to build an enviable track record running a long-only strategy, that has outperformed the ASX All Ordinaries buy almost 7% p.a. over nine years, before launching their long/short strategy.

We are firm believers that whilst not all managers can add value by shorting stocks, it certainly helps tilt the playing field if you have all the investment tools available to you. What is more, those that can get it right invariably make superior risk-adjusted returns.

The other new addition to the portfolio this month is the Regal Australian Small Companies Fund.

Sometimes a fund's performance numbers are so good it cries out for inclusion in the portfolio, and this is certainly the case for Regal's small cap fund which has had a stellar run since it launched in February last year.

This fund is managed by the team at Regal who we know well through our investments in the Atlantic and Tasman funds, and are widely regarded as one of the best managers in the industry. In fact they have only recently taken out the supreme title at the 2016 Australian Hedge Fund Awards.

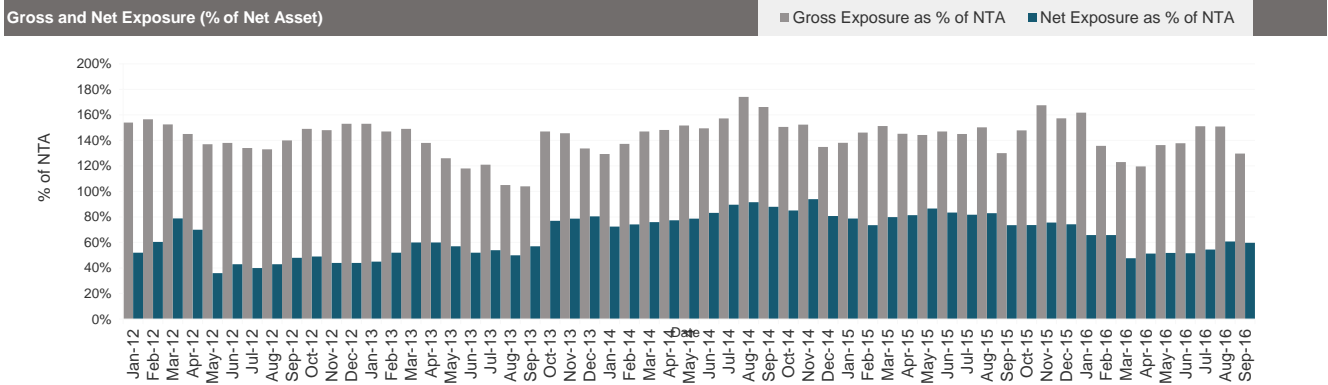
Furthermore this fund ticks most of the boxes we have discussed earlier, i.e. early stage, low FUM, limited use of leverage and differentiated strategy resulting in a low correlation with our other managers.

Whilst we are generally wary of chasing performance we remain cognisant of the recent tail winds being enjoyed by small cap managers and will look to utilise the fund's daily liquidity to build our position during any pullbacks over the coming months.

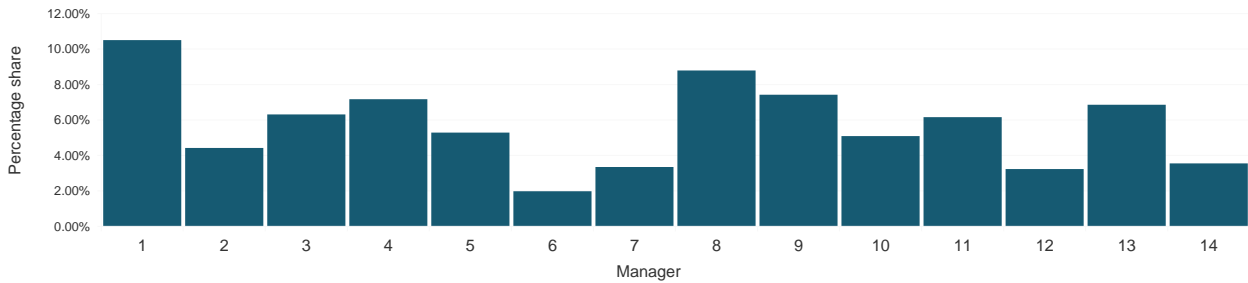
King Tide - Fund Performance vs. Benchmark (Net of Fees)

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%				-0.85%
Blended Benchmark*	-3.05%	-1.96%	7.31%	1.48%	1.36%	-4.36%	7.25%	-2.64%	1.79%				6.66%
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



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.