

## 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.

**Please note performance has been restated from NZD to AUD for information purposes only**

| Fund size            | A\$20.8m                                    |                                    | KT AUD | Benchmark |
|----------------------|---|------------------------------------|--------|-----------|
| Inception Date       | January 1, 2012                             | 1 Month                            | 2.34%  | -1.87%    |
| Unit Price           | 1.285145                                    | 6 Month                            | -1.78% | 6.95%     |
| Since Inception p.a. | 8.54%                                       | 1 Yr                               | -4.19% | 10.03%    |
| Benchmark            | 90% All Ords Accum/10% NZX50                | 2 Yr p.a.                          | 4.14%  | 5.53%     |
| Application          | Monthly                                     | 3 Yr p.a                           | 7.78%  | 7.09%     |
| Liquidity            | Monthly with 35 days notice                 | Annualised SD                      | 8.47%  | 11.05%    |
| Administration fees  | 0.75% total, incl Trustee, Custodian, Audit | Beta                               | 0.49   | 1.00      |
| Performance fee      | 10% with high water mark                    | Largest monthly loss               | -5.54% | -7.13%    |
| Administration       | Adminis                                     | Sharp Ratio 3 yr (RFR=RBNZ cash)   | 0.49   | 0.35      |
| Legal Counsel        | Minter Ellison Rudd Watts                   | Avg Return in Market Positive Mths | 1.48%  | 2.79%     |
| Auditor              | PWC   | Avg Return in Market Negative Mths | -0.90% | -2.71%    |

## Monthly Performance Review

King Tide was up 2.3% in May supported by NZD currency gains with the NZD strengthening by 3.9% against the AUD. This added 40bps to our blended benchmark. The All Ords Accumulation Index fell -2.6% in AUDs, while the NZX50 was marginally firmer, rising 0.5%, which translated to a 4.6% rise in AUDs

The pleasing aspect of the last month was the significant outperformance of our underlying managers. While a negative month is never a 'good' month, the fact that every underlying fund outperformed the market is a welcome turn around. Not only did every fund beat the market, but the weighted average return was flat. In other words, at the fund level, currency aside, our managers outperformed the market by 2.6% in May.

One of the best results came from Tasman Market Neutral which rose 2.8%. While it has a long way to go to claw back recent losses, it is pleasing to see a significant 'beat' of more than 5%. Regal are the managers behind Tasman and the Atlantic Fund. Both have experienced large losses in the last year, but along with Tasman, Atlantic's flat return in May was a welcome result. We are adding to Atlantic.

L1 was our best performing fund in May, with a 4.2% gain. We added L1 in November last year, and they have continued their phenomenal run, gaining 17% since then versus the All Ords 10%. L1 are a traditional long short equity fund, running around 70 positions, made up, on average, of around 48 longs and 22 shorts. Gross exposure (longs + shorts) has averaged 243% since inception, and net exposure (longs - shorts) has averaged 61%. They are currently more conservatively positioned at 184% gross and 42% net long, with 47 long positions and 34 short positions.

In May, L1 reported that twelve of their long positions contributed more than 0.25% to returns in the month, whilst no position detracted more than 0.25%. Some of their winning long positions were Qantas, Boral and Macquarie Atlas. The Fund also generated strong returns from several shorts in the retail, telco, technology and mining sectors.

Other managers to make money in May were 8EC (+2.0%), Smallco (+1.5%), Paragon (+1.3%), PIE Emerging (+1.1%), Level 18 (+0.8%), Watermark (+0.6%), and PIE Growth was marginally positive.

Our biggest loss came from Wavestone Capital (last month's biggest gainer) which fell -2.0%, LHC fell -1.9%, Auscap -1.5%, Sandon -1.3% and Monash was down -0.8%.

LHC did well on the short side, adding 1.09% to their return, and it is an area where they excel. Their long book fell -2.96% partly due to weakness in Mayne Pharma ("MYX"), which fell 19% after signalling tougher generic drug pricing in the US. Since the start of FY 2017, MYX has been sold down by 50% despite unchanged consensus earnings estimates for 2017 and only a 10% downward revision for 2018. LHC remain invested and see potential multiples to the current size of the business if they achieve approval of any of a considerable number of new drug filings with the FDA.

LHC is now down -9% from June 2016 to May 2017, which is described as the Financial YTD (year to date). Despite this period of weakness, they have made investors 168% since their inception in May 2011, versus a rise of just 2.7% for the ASX Small Ords. Gross exposure has fallen from 175% in October last year to 115% today, and net exposure is down from 58% to 44%.

The investment committee had a call with Monash managers Simon Shields and Shane Fitzgerald in June. Monash have struggled over the last eighteen months, and we discussed the fund's main positions and their approach. The investment committee has mixed views, but we agreed to remain invested. All managers will experience a disconnect with the market at some stage, and we hope they are able to navigate their way out of this drop in form.

While the Fund has been through a period of underperformance, we are still beating the market over three years, which is when we began to hedge currency risk. The AUD has risen from 0.76 when we launched to 0.96 today. When measured in AUDs, KT has compounded at 9.4% p.a. over the last 5 years.

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King Tide Asset Management  
Monthly Performance Summary - May 2017

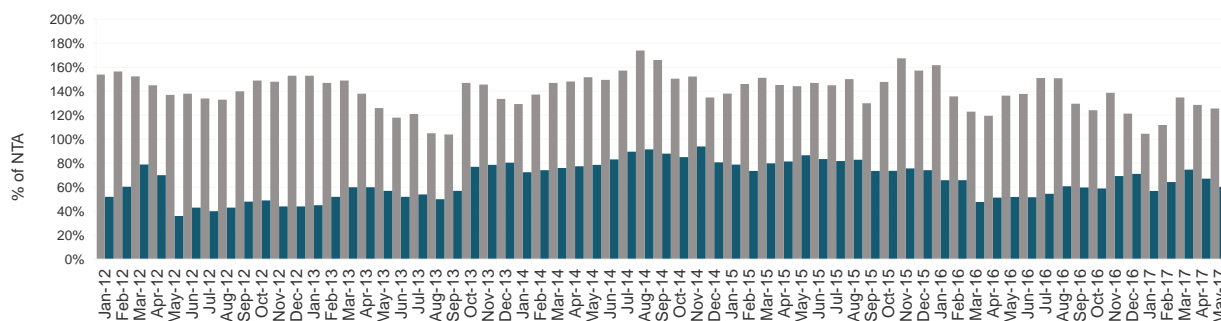
King Tide - Fund Performance vs. Benchmark (Net of Fees)

| 2017               | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD    |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| King Tide AUD      | -0.45% | -1.72% | -0.04% | -1.22% | 2.34%  |        |        |        |        |        |        |        | -1.15% |
| Blended Benchmark* | -0.43% | 1.79%  | 2.66%  | 0.93%  | -1.87% |        |        |        |        |        |        |        | 3.06%  |
| 2016               | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD    |
| King Tide AUD      | -4.03% | -3.03% | -0.77% | 0.61%  | 4.76%  | 0.08%  | 3.27%  | -0.39% | 0.20%  | -3.30% | -2.21% | -0.64% | -5.67% |
| Blended Benchmark* | -5.32% | -1.15% | 4.87%  | 3.18%  | 3.30%  | -2.01% | 6.21%  | -0.95% | 0.15%  | -2.60% | 2.32%  | 3.77%  | 11.69% |
| 2015               | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD    |
| King Tide AUD      | 0.96%  | 7.05%  | 2.05%  | -1.12% | -0.41% | -5.54% | 5.88%  | -0.66% | 3.65%  | 6.40%  | 5.07%  | 5.19%  | 26.33% |
| Blended Benchmark* | 2.84%  | 6.89%  | 0.04%  | -1.59% | 0.26%  | -5.60% | 4.43%  | -7.13% | -2.13% | 5.27%  | -0.83% | 3.05%  | 4.58%  |
| 2014               | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD    |
| King Tide AUD      | -0.22% | 3.53%  | 1.29%  | -0.34% | 0.86%  | 0.26%  | 1.71%  | 1.79%  | -1.29% | 0.32%  | 1.01%  | 2.36%  | 11.79% |
| Blended Benchmark* | -2.17% | 4.76%  | 0.50%  | 1.25%  | 0.29%  | -1.17% | 3.94%  | 0.54%  | -5.04% | 3.73%  | -2.40% | 2.36%  | 6.69%  |
| 2013               | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD    |
| King Tide AUD      | 0.65%  | 0.29%  | 0.33%  | 0.59%  | -1.78% | -1.90% | 4.03%  | 1.88%  | 3.59%  | 2.47%  | 0.48%  | 1.72%  | 12.85% |
| Blended Benchmark* | 5.17%  | 3.60%  | -0.65% | 4.17%  | -4.11% | -2.37% | 5.66%  | 2.13%  | 2.85%  | 3.69%  | -1.27% | 1.03%  | 21.16% |
| 2012               | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD    |
| King Tide AUD      | 2.49%  | 2.98%  | -0.76% | -1.09% | -4.14% | -1.04% | -0.47% | 1.97%  | 2.00%  | 1.06%  | 0.84%  | 1.17%  | 4.89%  |
| Blended Benchmark* | 4.99%  | 2.29%  | 1.74%  | 1.06%  | -6.54% | 0.09%  | 3.63%  | 2.33%  | 2.66%  | 2.91%  | 0.39%  | 3.23%  | 19.93% |

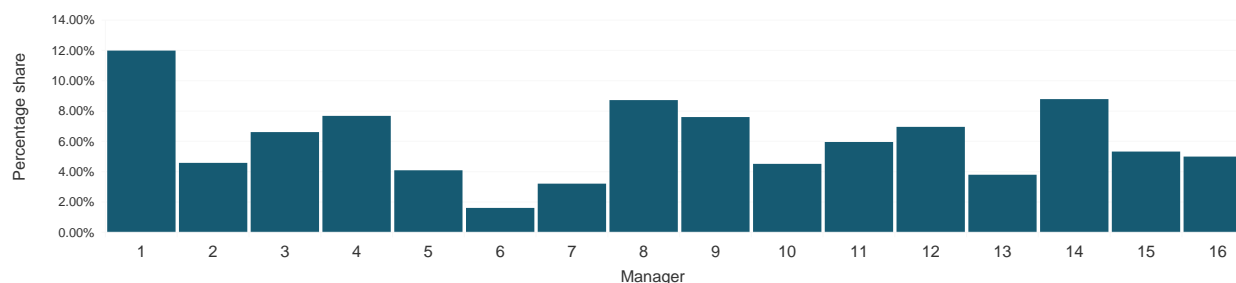
\*90% All Ordinaries Accum/10% NZX50

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.