

Fund Objective

KIS Capital Partners Pty Ltd [KIS Capital] is an Australian based hedge fund investment manager with an Asia ex Japan trading focus. The KIS Asia Long Short Fund Australian Dollar Denominated [A\$] Australian Unit Trust and the KIS Asia Long Short Cayman Fund and Cayman Master Fund are trading focused funds whose objectives are to generate high absolute returns. Trade selection and portfolio management are based on three distinct principals of: Liquidity, Transparency and Risk Management. KIS Capital looks to build a portfolio of 'winning' trade ideas and hedge unwanted market risk.

Performance for KIS Asia Long Short Fund

Performance data for the Master Series of the KIS Asia Long Short Fund Australian Dollar [A\$] denominated Australian Unit Trust [AUT].

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	2.33%	2.89%	0.73%	-1.50%	1.35%	-1.00%	0.24%	3.70%					8.96%
2011	1.35%	0.81%	-2.20%	1.14%	3.32%	-2.69%	2.70%	3.88%	1.02%	2.48%	0.36%	-0.02%	12.60%
2010	2.15%	2.46%	2.79%	3.05%	4.09%	-0.76%	-0.95%	1.23%	1.63%	1.42%	3.24%	2.84%	25.66%
2009										4.45%	4.82%	1.75%	11.40%

Returns shown are pre-tax and net of fees for the Master Series (inception, October 2009). Returns for other series may differ. Cumulative returns are shown assuming distributions are reinvested. Investors should receive a monthly NAV statement directly from the fund administrator. Please contact SSG.AUS@TMF-Group.com if you have not received your NAV statement. Returns are independently calculated by the fund administrator on an unaudited basis. Results to June 2012 have been audited by Ernst & Young Partnership.

Fund Performance Profile : KIS Asia Long Short Fund A\$ AUT

MONTHLY		FUND INFORMATION	
Performance:	3.70%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	13.18%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	20.37%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$1718	Subscription:	Monthly
		Redemption:	Monthly
		Inception:	Oct 2009
		Domicile:	Australia
		Prime Broker:	Deutsche Bank
		Auditor:	Ernst & Young
		Legal Counsel:	Minter Ellison
		Risk Management:	Imagine
		Fund Administrator:	TMF FundServices (Australia)
		Trustee:	KIS Capital
		Investment Manager:	KIS Capital

Performance for KIS Asia Long Short Cayman Fund US\$ Series

Performance data for KIS Asia Long Short Cayman Fund United States Dollar [US\$] denominated Series [Cayman Fund].

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012							-0.21%	2.59%					2.37%

Returns shown are net of fees for the US\$ class (inception, July 2012). Returns for other classes may differ.

Investors should receive a monthly NAV statement directly from the fund administrator. Please contact SSG.AUS@TMF-Group.com if you have not received your NAV statement. Returns are independently calculated by the fund administrator on an unaudited basis. The fund will be audited by Ernst & Young Partnership in December 2012.

Fund Performance Profile: KIS Asia Long Short Cayman Fund US\$ Series

MONTHLY		FUND INFORMATION	
Performance:	2.59%	Share Class Denomination:	US\$
ROLLING 1 MONTH		Investor Type:	Eligible Investor
Performance:	2.37%	Management Fee:	0.5% increasing over time to 2.0%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	15.12%	Performance Hurdle:	None
SINCE INCEPTION, JULY 2012		Subscription:	Monthly
Cumulative Performance of US\$1000 invested:	US\$1024	Redemption:	Monthly
		Inception:	July 2012
		Domicile:	Cayman
		Prime Broker:	Deutsche Bank
		Auditor:	Ernst & Young
		Legal Counsel: Henry Davis York, Shipman and Goodwin LLP & Walkers	
		Risk Management:	Imagine
		Fund Administrator:	TMF FundServices (Australia)
		Independent Board:	Refer to Private Placement Memorandum for details, Vice Presidents of Walker Fund Services
		Investment Manager:	KIS Capital

Strategies used this month

Equity Long/Short – Australian, Hong Kong and Singaporean Equities. Australian Equity Options. Australian, Hong Kong and US Index Futures.

Portfolio Hedge – Australian Equity Warrants . Australian Index Options. US Equity Options. Australia Equities in the AUT only.

Equity Arbitrage – Australian Equities.

Special Situations – Australian and Hong Kong Equities. Austrian preferred shares. Australian Index Options.

Most exposures are now booked via portfolio total return swaps and CFDs between the Funds and the Prime Broker. This improves operational efficiency and facilitates cost saving. References above refer to the underlying exposure of the total return swaps and CFDs.

Monthly Summary

At KIS we try to keep an eye on macro events to guide us to the level of risk we should be prepared to accept to try and make returns. As a result we have been watching the financing situation unfold in the peripheral nations of the European Union: Portugal, Ireland, Greece and Spain [the PIGS]. At the start of the month, articles in the Financial Times and Forbes caught our eye highlighting that the market cap of Apple now exceeded the market cap of all the PIGS combined.

Whilst we had been worrying:

- Will Mario Draghi convince Angela Merkel and other North European leaders and governments to continue to kick the PIGS' fiscal debt problem down the road?
- Will Ben Bernanke turn up with another 'helicopter' of cash to help support the economy?

Maybe what we should have been worrying about was:

- Will the I-phone 5 be good enough to persuade consumers to upgrade/switch?

Though this sounds a little far-fetched, it does emphasize that equity markets are capable of achieving surprising outcomes and it is important to be prepared to suspend disbelief and to make the most of the current environment.

Whilst we adhere to this view in specific stocks in the short term; we think that on a longer term basis, fundamentals prevail. As a result to protect the portfolio we will be applying more portfolio hedges than in recent times. We also note that financial markets tend to exhibit some seasonality with September often being a weak month; hence we feel it is a good time to pay particular attention to 'tail risk'.

Please refer to the review of the Portfolio Hedge for further explanation with regard to the difference between the AUT and US\$ Cayman Fund as a result of a legacy position.

Long Short

The portfolio contributed 273bp of performance to the AUT and 277bp of performance to the Cayman fund.

55% of our ideas were successful this month; this is an improvement on August and July. More important to the success of the portfolio this month was the size of a winning idea vs a losing idea: where the profit on a winning idea was 142% greater than the loss experienced on a losing idea.

Reviewing specific names and contributors to the portfolio:

Seek Limited [SEK.AX]: We shorted Seek coming into its results. We felt that the slow employment market would likely lead to poor results. The company announced results slightly ahead of expectation but rallied hard as a result of the existing short interest. We cut our position with a loss of 25bp. One key observation from this and some other results were that stocks had a very strong technical reaction based on short interest. If a stock had a substantial short interest on it and announced results in line or slightly ahead of expectations, it would rally hard immediately.

Armour Energy [AJQ]: The company listed in April of this year at A\$0.50 and has trended down since reaching A\$0.165 in August. It announced good results on one of its drill wells and we reacted quickly going long, expecting that the stock would not encounter any significant selling pressure to its rally for a few days. Holding this name for three days contributed a profit of 26bp to the fund.

Dart Energy Ltd [DTE]: There has been a consistent large size seller of this stock which had severely depressed its share price. This selling was completed in August. The stock had fallen 90% from its peak and the price was approaching the cash per share. Our evaluation was that the stock was ripe for a technical rebound and this was borne out mid-month. Trading this name produced a profit of 27bp.

Challenger Limited [CGF]: Challenger Limited's stock price had failed to react to the rally in stocks, given its business has sensitivity to the stock market we felt this was unwarranted. On the 16th Aug APRA announced a more gradual than expected increase in required regulatory capital and allowed CGF to treat its sub debt as regulatory capital. This benefited the company and its share price. CGF contributed 33bp of the returns in the Long/Short portfolio.

Portfolio Hedge and Equity Arbitrage

Neither portfolio made a significant contribution to results this month for the Cayman Fund.

The AUT experienced a 72bp contribution from the Portfolio Hedge portfolio. In 2011 (i.e. prior to the launch of the Cayman Fund) we took a placement in Sirius Resources NL shares which came with unlisted company warrants. We put these warrants in the Portfolio Hedge portfolio to isolate them from the day to day management of the other strategies. As these warrants were unlisted we could not buy any for the Cayman Fund when it launched. After the price of Sirius rallied dramatically we exercised the warrants and sold the stock generating 70bp of returns for the AUT.

The P&L differential between the two funds from these legacy positions is expected to diminish.

Special Situations

This portfolio contributed 24bp to the performance this month. The contribution was evenly split between trades based around mergers and trades based around placements.

Currency Class FX Hedge - KIS Asia Long Short Cayman Fund US\$ Series Only

Investments are received in US\$ and spot exchanged to A\$. This FX spot trade is then one month forward FX hedged back to US\$. The cost of this FX hedge is a function of the differential of interest rates between US\$ and A\$. Please note that the monies attract interest in A\$ for the month. The cost of this hedge for August was 0.36%.

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