

## 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 absolute returns with low volatility and correlation to other assets. 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
2014	1.17%	1.76%	0.70%	-0.77%	0.21%	0.95%	0.91%	-0.10%	-0.08%	-1.10%	0.79%	0.26%	4.76%
2013	-0.94%	2.20%	0.54%	0.83%	3.00%	0.36%	1.89%	1.03%	1.18%	1.44%	1.82%	-0.06%	14.06%
2012	2.33%	2.89%	0.73%	-1.50%	1.35%	-1.00%	0.24%	3.70%	-0.19%	1.39%	-0.13%	1.17%	11.41%
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 2014 have been audited by Ernst & Young Partnership.

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

MONTHLY		FUND INFORMATION	
Performance:	0.26%	Fund Denomination:	A\$
<b>ROLLING 12 MONTHS</b>		Investor Type:	Sophisticated/Wholesale
Performance:	4.43%	Management Fee:	1.5%
<b>SINCE INCEPTION</b>		Performance Fee:	20%
Annualised Performance:	15.16%	<i>Fees are shown exclusive of GST</i>	
<b>SINCE INCEPTION, OCTOBER 2009</b>		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$2098	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
2014	0.66%	1.56%	0.62%	-1.02%	0.03%	0.67%	0.57%	-0.36%	-0.45%	-1.31	0.45%	-0.12%	1.27%
2013	-1.29%	2.13%	0.18%	0.55%	2.33%	0.14%	1.59%	0.77%	1.03%	1.30%	1.49%	-0.31%	10.31%
2012							-0.21%	2.59%	-0.60%	1.04%	-0.57%	0.95%	3.20%

Returns shown are net of fees for the US\$ class (inception, July 2012) foundation series. Returns for other series 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. Results to December 2013 have been audited by Ernst & Young Partnership.

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

<b>MONTHLY</b>		<b>FUND INFORMATION</b>	
Performance:	-0.12%	Share Class Denomination:	US\$
<b>ROLLING 12 MONTH</b>		Investor Type:	Eligible Investor
Performance:	1.27%	Management Fee:	1.5%
<b>SINCE INCEPTION</b>		<i>The management fee increases to 2.0% from Jan 2014 for non-Foundation Series Investors The Management fee remains 1.5% for Foundation series Investors, the Foundation series remains open but is subject to closure without notice.</i>	
Annualised Performance:	5.86%	Performance Fee:	20%
<b>SINCE INCEPTION, JULY 2012</b>		Performance Hurdle:	None
Cumulative Performance of US\$1000 invested:	US\$1153	Subscription:	Monthly
		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 Intertrust Corporate Services (Cayman) Limited
		Investment Manager:	KIS Capital

## Strategies used this month

**Equity Long/Short** – Australian, Chinese, Hong Kong, New Zealand and Singaporean Equities. Australian, Chinese, Hong Kong, Indonesian and US Index Futures. Australian, Hong Kong and Hong Kong ETF Equity Options. Australian Index Options.

**Arbitrage** – Hong Kong Equities. Hong Kong Index Futures.

**Portfolio Hedge** – Australian and Canadian Equity Warrants. Australian and US Index Options. A\$US\$ FX.

**Convertible Bonds** – Australian Listed Hybrid Securities.

**Special Situations** – Australian, Hong Kong, New Zealand, Singaporean and UK Equities. Hong Kong and Singaporean Equity Rights.

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

The surprise announcement by the Swiss National Bank regarding the removal of the peg of the Swiss Franc to the Euro has led to less reported significant losses than we would expect. There have obviously been winners and losers but we were surprised not to see an announcement from a corporate of any significant losses as a result of the move.

This move emphasizes how dependent the markets have become on well flagged and considered moves by central bankers. We remain unconvinced that the financial measures that have been introduced, such as quantitative easing, actually stimulate the economy. These measures often artificially support financial asset prices, maybe that is their main aim; economies do not tend to thrive as financial asset prices crash! When economies have enough growth momentum to support themselves and the financial measures introduced can be withdrawn, it seems logical that financial assets will not fully benefit from the improved economy.

## Long Short

This portfolio contributed 37bp this month.

Once again short positions in Consumer Staples contributed positivity to the fund's performance with a total of 55bp coming from this sector. This was particularly noticeable in Australian companies such as Metcash Ltd (MTS.AX) whose poor results led to a 16% fall on the first day of the month and a 29% fall on the month.

We reduced our exposure to China over the month. The liquidity driven rally experienced in December does not support our catalyst driven, fundamentally focused investment process.

## Arbitrage, Portfolio Hedge and Convertible Bonds

These portfolios did not make a significant contribution to the funds' returns this month.

We closed the long HK mid-caps vs short HSCEI index futures early in the month as the volumes seen through the Shanghai Hong Kong Connect arrangement were not encouraging for this position.

## Special Situations

Weakness in two small placements and stock resulting from a takeover led this portfolio to lose 22bp.

## 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\$. The impact of interest rate differentials reduced the performance of the US\$ series by 28bp.

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