

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% | | | | | | | | | | | | 1.17% |
| 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 2013 have been audited by Ernst & Young Partnership.

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

| MONTHLY | | FUND INFORMATION | |
|---|---------|--|------------------------------|
| Performance: | 1.17% | Fund Denomination: | A\$ |
| ROLLING 12 MONTHS | | Investor Type: | Sophisticated/Wholesale |
| Performance: | 16.49% | Management Fee: | 1.5% |
| SINCE INCEPTION | | Performance Fee: | 20% |
| Annualised Performance: | 17.70% | <i>Fees are shown exclusive of GST</i> | |
| SINCE INCEPTION, OCTOBER 2009 | | Performance Hurdle: | RBA Cash Rate |
| Cumulative Performance of A\$1000 invested: | A\$2027 | 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% | | | | | | | | | | | | 0.66% |
| 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 2012 have been audited by Ernst & Young Partnership.

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

| | | | |
|---|----------|---|--|
| MONTHLY Performance: | 0.66% | FUND INFORMATION Share Class Denomination: | US\$ |
| ROLLING 12 MONTH Performance: | 12.49% | Investor Type: | Eligible Investor |
| SINCE INCEPTION Annualised Performance: | 8.98% | Management Fee: | 1.5% |
| SINCE INCEPTION, JULY 2012 Cumulative Performance of US\$1000 invested: | US\$1146 | <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> | |
| | | Performance Fee: | 20% |
| | | Performance Hurdle: | None |
| | | 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, Canadian, Hong Kong, Malaysian, New Zealand and Singaporean Equities. Australian and US Index Futures. Australian and Hong Kong Equity Options.

Portfolio Hedge – Australian Equity Warrants. Japanese Index Options. OTC Options on US\$/SG\$ FX.

Convertible Bonds – Australian Listed Hybrid Securities. Convertible Bonds on HK and Singaporean Issuers.

Special Situations – Australian, Canadian, Hong Kong and Singaporean equities.

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

2014 is well and truly underway. We believe that this year will continue to provide good opportunities for the funds. Globally, investors are likely to continue to move more assets away from cash/fixed income and toward equities. Within equities, we see correlations moving lower which creates a good stock picking environment and a positive environment for long short funds.

January was a tough month for global equities.

Through January the S&P ASX 200 was down circa 3% and the broader regional MSCI Asia ex Japan down circa 5%.

Equity market volumes were low in the first part of the month, this followed very low liquidity during the Christmas and New Year holiday period.

We saw some negative economic surprises in China and in the US, possibly driven by the harsh weather conditions they have experienced. The US Federal Reserve continued to taper their bond buying programs, which would signify their confidence in the long term prospects of the US.

Some emerging markets experienced stress e.g. Turkey (15th highest GDP in the world, so reasonably significant) sharply increasing short dated interest rates and Argentina (start of many emerging market routs) suffering significant currency devaluation.

Whilst there has been little contagion into other markets, we are closely watching for more emerging market stress that could cause more 'risk-off' positioning.

Long Short

This portfolio contributed an average of 84bp across the two funds.

The largest contributor to the P&L this month was VMob Group (VML.NZ) which contributed 23bp of the returns.

We have discussed VML.NZ in some detail in our [October 2013 newsletter](#) and again in [November 2013](#).

We remain positive on the company's business and management and remain invested; but at all times this has been, and will remain, a relatively small position (around one percent of AUM) as our focus on liquidity dictates. In the context of this small exposure the name has contributed a over half a percent to returns.

No other underlying contributed more than 20bp to the returns and the success of this month is a feature of our success ratio and win ratio.

In January 55% of our long and short ideas, i.e. excluding hedges, were winning. In addition to this, the average profit we made on a winning idea was 1.2 times the size of our average loss.

The combination of these two factors lead to our total profit from winning ideas to be 1.4 times the size of our total profit from losing ideas. For us this is a sign that our investment and risk management processes are working well and lead us to remain positive on the long returns of this strategy.

Portfolio Hedge, Convertible Bonds

These portfolios did not have a significant impact on returns this month.

Special Situations

This portfolio contributed 30bp this month.

16bp of this return came from participation in the IPO of Miko International (1247.HK). This IPO was reported to be 132x oversubscribed. The stock opened 51% above its IPO price but by the end of the day had fallen 19% from this opening high. Over the course of the month the stock continued to fall and by the end of the month was 8% below its IPO price. There was no fundamental change to the company over this period, merely the madness of the crowd dissipated.

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 25bp.

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