

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%						5.02%
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:	0.91%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	10.81%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	16.63%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$2103	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%						3.11%
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

MONTHLY Performance:	0.57%	FUND INFORMATION Share Class Denomination:	US\$
ROLLING 12 MONTH Performance:	7.59%	Investor Type:	Eligible Investor
SINCE INCEPTION Annualised Performance:	8.00%	Management Fee:	1.5%
SINCE INCEPTION, JULY 2012 Cumulative Performance of US\$1000 invested:	US\$1174	<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, Indonesian, New Zealand and Singaporean Equities. Australian and US Index Futures. Australian and Hong Kong Equity Options. Australian Index Options.

Portfolio Hedge – Australian and Canadian Equity Warrants. Australian Index Options.

Convertible Bonds – Australian Listed Hybrid Securities.

Special Situations – Australian and Hong Kong 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

Although equity markets were quite buoyant during July the opening days of August (and the final day of July in the US) showed noticeable weakness.

At KIS Capital we aim to have the Asia Long Short Funds post positive monthly returns in both positive and negative equity markets. Sometimes this leads to a degree of 'resentment' to having hedges but we stick to our goal of positive returns in all markets. Some days, such as the first few days of August, the benefit of this approach and these hedges is felt.

We continue to see difficulty in the Federal Reserve (the FED) exiting its experiment in financial asset support through loose liquidity without the risk of a serious threat to the value of financial assets. This is most likely to be in assets that have seen 'investment tourist' flows. At a future point one can expect the surge in the size of exchange traded funds and the reduction in risk capital applied to market making activities by banks and specialist organizations to meet an untimely intersection.

Taking the example of High Yield Bond ETF, JNK.NY: in January 2008, prior to the FED QE policies and the month after JNK's inception, it had an AUM of US\$ 84m. At the end of 2008 the AUM had reached US\$ 0.75bln. Since then it grew to a peak of 12.5bln in 2013 before falling to US\$ 8.4bln presently. Bloomberg recently reported research from the Royal Bank of Scotland that stated since 2008 the underlying liquidity in credit markets, which JNK.NY invest in, has fallen by approx. 70%. This has occurred even as new issuance increased 27% on year on year. If JNK.NY is hit with any large magnitude of redemptions, as the QE fueled retail investor tourists leave, the trading in the underlying credit assets will be 'gappy'.

At KIS Capital we monitor the liquidity of our holdings relative to the last thirty days trading history. We do this to ensure we are not falling into the trap of growing AUM where the liquidity of the assets we own and trade would not support this growth.

Long Short

This portfolio was the major contributor generating 113bp.

27bp of this profit was contributed by Austex Oil (AOK.AX), which contributed 22bp last month. As mentioned last month a stock overhang from convertible bonds was realized in June. This month IOOF announced they had a 5% holding in AOK.AX and this proved that the 'loose' stock from conversion had found a stable home. This enabled AOK.AX to benefit from investor reaction to its presentation at the Noosa Mining & Exploration Conference and anticipation of positive monthly production numbers to be announced at the end of July. We took profit by selling approx. half our holding.

19bp of the return came from a long position in CHALCO (2600.HK) stock and call options. 2600.HK had previously announced disappointing Q1 numbers and idled 17% of its capacity, sentiment to the stock was poor. Alcoa (AA.US) announced better than expected earnings, AA.US stock price had already doubled in the previous eight months prior to this announcement and continued rallying after the announcement, in the same period 2600.HK had flat lined. As positive sentiment returned to China with larger cap names benefiting from these buying flows, 2600.HK rallied aggressively closing the month 29% higher.

We lost 30bp using equity index options and futures to hedge the portfolio. The majority of the time we have an 'excess' of stock long ideas and positions relative to our short ideas. We use short index exposure to reduce this and hedge the portfolio as we try to generate a positive return at portfolio level in rising and falling markets. With the ASX200 index rallying 4% on the month these short index hedges suffered.

Whilst on the subject of shorts, we made 15bp on a short position in Boart Longyear (BLY.AX) which we closed out in the third week of July. Mining services are still in a difficult position. Rallies in mining shares are being driven by cost reductions and this is obviously poor news for companies such as BLY.AX. By their own admission BLY.AX have not been able to reach a conclusion to their strategic business review and may breach debt covenants this financial year.

Portfolio Hedge

As stated previously we remain nervous that equity markets, especially emerging markets, could suffer a serious fall in the event a perception develops that the FED is tightening its liquidity policy.

We positioned for this risk by purchasing ASX 200 index put options, with the market rallying this option premium was lost over the month.

Convertible Bonds

This portfolio did not have a significant impact on returns this month.

Special Situations

This portfolio lost 20bp this month.

We suffered a loss of 14bp on SAI Global Ltd (SAI.AX). Having received an approach from Pacific Equity Partners SAI.AX opened a data room to interested parties and various private equity groups and industry players are rumored to have looked inside. No firm offer has been notified to the market after a deadline of the 15th July for bids to be passed to SAI.AX. The stock has drifted lower on the absence of news. Since the PEP bid was announced to the end of July SAI.AX has rallied +14% vs the ASX200 index's rally of +3%. We expect that bids for all or a significant majority of the parts of SAI.AX will have been tendered (and the comparison of these alternatives is the challenge for the company) and this will lead to a positive outcome from here.

Our long position in Dart Energy (DTE.AX) lost 12bp. We had positioned ourselves to benefit from the potential of a competing offer to IGAS Energy PLC's (IGAS.LN) by running a naked long in DTE.AX. No offer has been forthcoming and weakness in IGAS.LN has depressed DTE.AX price. We continue to review this position and will either sell DTE.AX in Australia prior to the scheme completion or sell the resultant IGAS.LN stock in London.

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 27bp.

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