

## 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
2015	-0.35%	0.09%	2.59%	4.04%	1.14%	-1.48%	0.26%	0.34%	2.81%				9.71%
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:	2.81%	Fund Denomination:	A\$
<b>ROLLING 12 MONTHS</b>		Investor Type:	Sophisticated/Wholesale
Performance:	9.65%	Management Fee:	1.5%
<b>SINCE INCEPTION</b>		Performance Fee:	20%
Annualised Performance:	14.91%	<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\$2302	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
2015	-0.68%	-0.11%	2.27%	4.44%	0.66%	-1.64%	-0.09%	0.17%	2.46%				7.58%
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 2014 have been audited by Ernst & Young Partnership.

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

<b>MONTHLY</b> Performance:	2.46%	<b>FUND INFORMATION</b> Share Class Denomination:	US\$
<b>ROLLING 12 MONTH</b> Performance:	6.53%	Investor Type:	Eligible Investor
<b>SINCE INCEPTION</b> Annualised Performance:	6.85%	Management Fee:	1.5%
<b>SINCE INCEPTION, JULY 2012</b> Cumulative Performance of US\$1000 invested:	US\$1240	<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, Chinese, Hong Kong, Malaysian, New Zealand and US Equities. Australian Equity Options. Australian Equity Rights. Australian and US Index Futures and Options.

**Portfolio Hedge** – Australian and Canadian Equity Warrants. JPYUSD FX option.

**Special Situations** – Australian, Chinese, Hong Kong and US Equities.

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

## Monthly Summary

Whilst China was the source of much share price weakness over the last two months but we can point to two more important factors that we follow consistently.

Inflation expectations, measured by the US Breakeven 5 year Index, have fallen very quickly from 1.7% at the end of June to just 1% by late September. When deflation becomes a major concern, equity markets can suddenly look very expensive. A weak global share market should not surprise. Add to the mix the constant FED poised make the first rate increase in many years and it only compounds fears.

The second factor, which helped fuel the weakness, is the deterioration of the credit markets which has been in progress for a few months also. Over the last two years there has been an increased amount of 'high yield' issuance (read 'junk bonds'), with a particular focus on energy. With an oil price in the \$40's it is not surprising there is a level of stress in credit land. Credit market weakness invariably causes share market weakness albeit with a varying delay.

As our investors know, we are not in the 'China is blowing up camp' and think the last quarter should finally see some solid policy reform and investors should warm once again to China.

As usual, whilst we try to understand macro dynamics, we run our portfolio close to market neutral and let our stock picking do the talking.

## Long Short

This portfolio contributed 259bp of this month's returns.

In contrast to August we experienced strong returns in small caps. Over the last twelve months our returns have been driven 14% by index hedges (which are normally short positions and equity markets have generally fallen over the period), 33% from large cap stocks (>5bln), 22% from mid cap and 31% from small cap (<1bln).

Our returns based on positions being initiated from the long or short side have been very evenly split.

Australia has been the most significant driver of our returns contributing approximately seventy five percent of returns.

On the long side we benefitted from a long position in Oncosil Medical/OSL.AX which benefitted from announcements related to their scheduled fast track for Conformite Europeenne (CE) Mark. Achieving this will be extremely positive for the stock and we continue to hold ahead of this announcement. This produced 60bp of this month's returns.

On the short side we benefitted from short positioning in LNG.AX. As we have repeatedly commented, we have doubts about the company's ability to deliver to the business plan it has marketed to investors. This contributed 52bp of the returns.

## Portfolio Hedge

This portfolio did not make a significant contribution this month.

## Special Situations

This portfolio generated 23bp. This profit was generated from a variety of different situations with no one single idea making a significant contribution.

## Currency Class FX Hedge - KIS Asia Long Short Cayman Fund US\$ Class 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\$. This forward hedge is then rolled one month into the future each month. The cost of this forward 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 23bp.

Profit is allocated between the US\$ Series and the A\$ Series of the KIS Asia Long Short Cayman Fund based on the A\$ capital of the series at the start of the month, this is the required methodology under accounting standards. Additionally the US\$ value of the US\$ series is hedged at the start of the month. As a result profits generated on the month attributed to the US\$ series are subject to currency appreciation and depreciation with their value contribution being crystallized at the foreign exchange rates at month end.

These factors lead to a decrease in the performance of the US\$ series by 33bp

## Contact Information

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Limited**

Address: Walker House, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands

**Investment Manager; KIS Asia Long Short Fund, KIS Asia Long Short Cayman Fund and KIS Asia Long Short Cayman Master Fund:  
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