

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
2013	-0.94%	2.20%	0.54%	0.83%									2.63%
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 2012 have been audited by Ernst & Young Partnership.

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

MONTHLY		FUND INFORMATION	
Performance:	0.83%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	9.45%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	17.87%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$1802	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
2013	-1.29%	2.13%	0.18%	0.55%									1.55%
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). 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. Results to December 2012 have been audited by Ernst & Young Partnership.

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

MONTHLY		FUND INFORMATION	
Performance:	0.55%	Share Class Denomination:	US\$
ROLLING 10 MONTH		Investor Type:	Eligible Investor
Performance:	4.80%	Management Fee:	1.0%
SINCE INCEPTION		<i>The management fee increases to 1.5% from July 2013 and 2.0% from Jan 2014</i>	
Annualised Performance:	5.79%	Performance Fee:	20%
SINCE INCEPTION, JULY 2012		Performance Hurdle:	None
Cumulative Performance of US\$1000 invested:	US\$1048	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 Walker Fund Services
		Investment Manager:	KIS Capital

Strategies used this month

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

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

Convertible Bonds – Australian Listed Hybrid Securities. Convertible Bonds on HK Issuer.

Equity Arbitrage – Australian Equities.

Special Situations – Australian, Canadian and Hong Kong Equities. Australian Listed Hybrid Securities. A\$/C\$ FX.

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

Over the month of April, across Australian stocks, we noticed an exceptional outperformance of the large market capitalization [large cap] stocks vs. small cap stocks and of S&P/ASX 200 financial sector vs. S&P/ASX 200 resource sector.

In April, stocks in the S&P/ASX 200 that are defined as financial rallied 9% compared to resource stocks which fell 4%.

More outstanding was the performance of the broad S&P/ASX 200 index which rallied 5% vs. a fall of 11% in the S&P/ASX emerging companies index. The S&P/ASX emerging companies index represents stocks ranked between 350 to 600 by market capitalization.

This large cap vs. small cap underperformance is part of an ongoing trend with the S&P/ASX 200 rallying 18% over the past twelve months vs. the S&P/ASX emerging companies index fall of 33%.

Graph of the Relationship of S&P/ASX 200 vs. Emerging Companies Index



The relative under performance this month was exceptional. The last underperformance of this magnitude occurred in October 2008 when Lehman's bankruptcy triggered forced asset sales (hitting smaller cap stocks especially hard as they tend to have lower liquidity) which led to investors to question smaller companies access to credit facilities.

The fall this month has put the price relationship between S&P/ASX 200 and S&P/ASX emerging companies back to the lows experienced in the fourth quarter of 2008 and even lower when considering the relative dividend returns.

This month's relative decline seems to have been driven by a dash for dividend yield in response to the falling returns found in the Australian bond market with interest rates dropping by 0.25% to 0.35% during April.

The issue is that many of the shares bought have not seen significantly rising dividends relative to their rising share price. E.g. over the year ended 30th April 2013, Westpac has rallied 49%, its final declared dividend was increased by only 2% (this is also the size of the increase expected for next year based on analysts' forecasts). As a result the dividend yield has dropped dramatically.

We do not feel that one can realistically expect high dividend yield stocks to continue to rally at the rate they have for the past year, whilst the broader economy, as reflected outside of large financial stocks, is weak.

Long Short

This portfolio contributed 71bp of the funds returns.

As mentioned above we have seen a dramatic outperformance of large cap vs. small cap and of financials vs. resource based stocks.

Unsurprisingly our largest losing position was a long position in a small cap and resource related name. Kina Petroleum [KPL.AX] fell 17% on the month costing the fund 17bp. There was no specific news and we still hold the position.

On the long side we benefited from the rally in Telstra [TLS.AX]. The potential change of Australian government has created uncertainty for TLS with regard to the roll out of the National Broadband Network [NBN]. The Liberal Party clarified that they would not anticipate scrapping the NBN, but favoured implementing it in a more cost effective way with some of the costs being passed to users. The removal of this uncertainty allowed TLS to rally and catch up with the move of other high dividend yield names which had been rallying in response to the fall in bond yields. TLS contributed 52bp of returns.

Portfolio Hedge

Various Australian company profit warnings pointed to a weak employment market especially in the resource and mining service sector.

Ahead of the budget on the 14th May, we felt that awareness was developing of how far the current Australian government had moved from producing a balance budget.

We also felt there was a possibility that the Reserve Bank of Australia [RBA] would cut the cash rate 0.5% to stem the strength of the A\$ and the damage this has caused on the Australian economy. Economists were indicating an expectation for no change or 0.25% reduction.

As a result of these factors we took a short position in A\$ vs long US\$ via currency options as this would benefit from all of the above points and provide a general 'risk off' hedge as the A\$ has had a tendency to be correlated with asset prices.

In April, this option position cost the fund 13bp however it left the fund well positioned for May.

Our use of index options and index futures to further reduce risk on the fund did not produce any additional impact.

Equity Arbitrage and Convertible Bonds

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

Special Situations

This portfolio generated 32bp of this month's return.

As discussed last month we have been running a short position in Billabong International Limited [BBG.AX]. We felt that the market price did not correctly reflect that the private equity buyers would not follow through on their initial approach after deteriorating trading conditions for BBG. The private equity consortium that includes the US management of BBG lowered their indicated price from A\$1.10 to A\$0.60, and asked for a further period to conduct exclusive due diligence. The lack of any firm offer led to the stock trading at a discount to the lowered indicated price, falling 27% when its trading suspension was lifted. We covered our short around these levels feeling that the price now reflected the uncertainty of the situation.

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 cost of this hedge for April was 0.31%..

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