

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%									6.46%
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:	4.04%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	8.41%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	15.48%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$2234	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%									5.97%
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

MONTHLY Performance:	4.44%	FUND INFORMATION Share Class Denomination:	US\$
ROLLING 12 MONTH Performance:	5.40%	Investor Type:	Eligible Investor
SINCE INCEPTION Annualised Performance:	7.32%	Management Fee:	1.5%
SINCE INCEPTION, JULY 2012 Cumulative Performance of US\$1000 invested:	US\$1222	<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, New Zealand, Singaporean, Taiwanese and US Equities. Australian Listed Hybrid Securities. Australian Equity Options. Indonesian ETFs. Australian, Chinese, Hong Kong and US Index Futures. Australian and Taiwanese Index Options. **Portfolio Hedge** – Australian and Canadian Equity Warrants. Australian Index Futures and Options. JPYUSD FX option.

Portfolio Hedge – Australian and Canadian Equity Warrants. Australian Index Options. JPYUSD FX option. AUDUSD FX.

Special Situations – Australian, Chinese, Hong Kong and UK Equities. Australian Listed Hybrid Securities

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

In April the spotlight was on the Hong Kong (HK) and China equity markets. The Hang Seng China Enterprises Index (HSCEI) rallied 17% while the Shanghai Composite (SHCOMP) gained 20%. We finally saw some serious volume in the Southbound Connect flows after a lackluster start back in November. Southbound flow is where mainland Chinese investors buy HK listed stocks. We saw 2 days in April where the entire Southbound quota was used up by mainland investors.

Mainland investors were attracted to HK listed stocks which were trading at lower valuations than companies in similar industries but listed in China.

low PE peers of companies they invest in on the Shenzhen or Shanghai stock markets.

While there was some interest in the discounted dual listed H share companies, we expect in the coming months that interest to accelerate as mainland mutual fund investors finalise mandate changes and switch their A share holdings in the much cheaper H share listings.

With such an extraordinary rise in Chinese and HK stocks over the past 6 months, investors are starting to look at potential excesses in the market. Margin lending is the biggest focus and we have and will continue to do work around this issue.

The Chinese regulator (CSRC) has also highlighted this concern and are making changes to the rules to preventing excessive margin in the system. China wants a strong market. It is an integral part of opening up the capital account and we expect to see a lot more measures this year. In this light, while there will be pull backs, we expect those to be very well supported by policy response from China Inc.

Elsewhere April was fairly quiet. For the month ahead, investors, will be questioning the 'sell in May' seasonality. Australia has a budget to hand down that is unlikely to cause fireworks, but can have some impact on certain sectors. We will be watching keenly.

The trillion dollar question is when will the US Federal Reserve move on rates. This is the largest single macro risk on the horizon and whilst we are hesitant to take bets on this, we are positioning the portfolio in a way that will avoid surprises. May could be a tough month for equities.

Long Short

This portfolio generated the majority of this month's returns contributing 355bp.

Longs produced the most significant contribution at 324bp, shorts produced 21bp and trading/execution added 9bp. This is maybe unsurprising given we were running a net long bias to HK and China for the early part of the month and these markets were very strong at the start of the month. Our average long exposure to HK & China was 4% over the month but we took a more neutral stance during the second and third week as the market felt overheated.

As expected from the above, our returns were dominated by and HK & China which delivered 174bp and Australia & NZ which delivered 134bp. Our short Indonesian equity index also delivered good returns adding 46bp.

Our returns were across all market caps: index producing 32bp, large cap 145bp, mid cap 118bp and small cap 57bp.

Looking at specific drivers we benefited from a short exposure to the MSCI Indonesia index (.MXID). Indonesia runs a substantial current account deficit of approx. 3%. Both the Sovereign and many Indonesian corporations have US\$ liabilities which have been increasing. As the US\$ has strengthened this weighs heavily on the Indonesian equity market. The relatively low liquidity of the equity market and absence of derivatives to allow hedging creates an 'exit issue' for investors, especially foreign investors who have crowded into the market over previous years. This short position contributed 37bp.

We suffered on a short position in LNG (LNG.AX) losing 61bp on the name, this is despite the fact we reduced our position as the market moved against us during the month. The main damage was inflicted after the stock moved 19% higher following a regulatory approval. We are still bearish on this company and believe it is significantly over valued and question the management's ability to deliver on the promises it has made.

We benefited from long positions in two small cap bio techs OncoSil Medical (OSL.AX) and Actinogen (ACW.AX). OSL.AX is moving towards a CE mark for its medical devices. ACW.AX announced clinical trial updates on its anti-Alzheimer drug and completed a successful capital raising (which we participated in) giving the company the financial runway to push forward. Across the two names we made 65bp although part of this return is shown in the special situations portfolio as it related to the placement on ACW.AX.

Portfolio Hedge

This portfolio contributed 24bp this month from the usage of XJO put options.

Special Situations

This portfolio generated 30bp of returns this month.

The main contributor was the IPO of GF Securities (1776.HK). This contributed 17bp as we benefited from our relationship with the lead managers and received a small allocation in the name.

We also purchased stock in the grey/pre market at a 22% premium to the IPO price as we felt this move did not adequately reflect the strength seen in the sector from IPO pricing. The return for this part of the trade is in the L/S portfolio. The stock opened at a 42% premium to its listing price before drifting down.

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\$. 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.

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 currency appreciation and depreciation with their value contribution being crystalized at the foreign exchange rates at month end.

These factors, which had previously made a significant impact only in May 2013, lead to an increase in the performance of the US\$ series by 50bp.

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