

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
2013	-0.94%	2.20%	0.54%	0.83%	3.00%	0.36%	1.89%	1.03%					9.21%
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: 1.03%	Fund Denomination: A\$
ROLLING 12 MONTHS	Investor Type: Sophisticated/Wholesale
Performance: 11.66%	Management Fee: 1.5%
SINCE INCEPTION	Performance Fee: 20%
Annualised Performance: 18.09%	<i>Fees are shown exclusive of GST</i>
SINCE INCEPTION, OCTOBER 2009	Performance Hurdle: RBA Cash Rate
Cumulative Performance of A\$1000 invested: A\$1918	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%	2.33%	0.14%	1.59%	0.77%					6.53%
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:	0.77%	Share Class Denomination:	US\$
ROLLING 12 MONTH		Investor Type:	Eligible Investor
Performance:	7.39%	Management Fee:	1.5%
SINCE INCEPTION		<i>The management fee increases to 2.0% from Jan 2014 for non-Foundation Class Investors</i>	
Annualised Performance:	8.46%	Performance Fee:	20%
SINCE INCEPTION, JULY 2012		Performance Hurdle:	None
Cumulative Performance of US\$1000 invested:	US\$1099	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, Hong Kong, New Zealand and Singaporean Equities. Australian and US Index Futures. Australian Index and Equity Options.

Equity Arbitrage – Singaporean Equity and Equity Warrants.

Portfolio Hedge – Australian Equity Warrants. Australian Index Options.

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

Special Situations – Australian, Canadian and Singaporean Equities. Convertible Bonds on Taiwanese and US Listed Chinese Issuers. Australian 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

We write this report after the announcement of the election result and Mr Abbott's victory.

Looking at the implementation of government policy and ideas in the financial sector, we hope that Mr. Abbott's party will be more visionary and decisive than the previous government.

The implementation of various reforms have been poorly executed, often the expected implementation of a particular policy being floated out through the media rather than executed cleanly in black and white law after due consideration.

Sadly we suspect that in the near term, a large focus will be on how to fix the budget deficit left by the previous incumbents leaving little time or money, to implement any substantive changes.

On a positive note, having the specter of a weak government and the uncertainty of the election out of the way we could see strength in the Australian consumer and housing.

On the world stage the European economy appears to continue to improve from its weak position. Smarter minds than ours have been pointing to France's lack of willingness to tackle its long term structural deficit position. We hope that European governments will have learnt to tackle their balance sheet issues when times are good rather than having a solution forced upon them when times are bad.

The US economy continues to perform although the improvement in headline unemployment numbers disguises the degradation in the quality of the roles being created vs. those being lost.

The key unknown is how 'world powers' will react to the atrocities that are said to have occurred in Syria. The key will be to contain any intervention, and reaction to that intervention, to those responsible in Syria. Any intervention must be implemented in such a way as to avoid inflaming relations with the Middle East or agitating groups to make reprisals against Western aligned groups or religions which could drag Israel into a sustained conflict.

Long Short

This portfolio contributed 49bp this month.

We suffered on both of our key 'high conviction' shorts

We have been short of Liongold Corp Ltd (LION.SI) for some months now. Our analysis is that LION.SI is trading at a substantial premium to its net tangible assets. For a gold resource related stock it had shown a tremendous lack of correlation to the fall in the price of gold. Our cash flow analysis was that the company was heading for trouble in the coming months. On the 14th August LION.SI announced a placement of stock at a substantial discount to last share price to a trio of hedge funds. These funds also benefitted from a simultaneous gratis warrant placement and the company is expected to place further stock and warrants to them. This placement alleviated the immediate cash flow and led to a short squeeze. We closed our short position by buying listed warrants and stock on the opening print and the first 10 minutes of trade on the 15th August after the stock opened 4% higher; we should have gone long. The stock ended the day 14% higher and by the end of August had rallied 38%. We were once asked if we would ever go long a stock that we thought was fundamentally flawed with dubious management. Our reply was "if the situation changed and we thought the market would react positively, then yes we would, but only as a quick trade". We missed the opportunity to trade this stock by ignoring that sometimes one needs to suspend disbelief and to trade the immediate information and reaction, not the long term perceived 'truth'. Our short view cost us 27bp on the month.

We also lost on our short view on Origin Energy (ORG.AX). We felt that ORG.AX's core energy retailing business was under severe margin pressure due to the Australian Government's Renewable Energy Target (RET) scheme. This view was further emphasized by an announcement in CLP Holdings results, who own Energy Australia which showed a 93% fall in profit at Energy Australia due to the RET scheme. ORG.AX rallied after the announcement of its results on the 22nd August ending the day 6% higher. We were surprised by how investors were prepared to look past the problems in its core business to the commencement of its LNG operations. Possibly the key element we overlooked was ORG.AX's ability to negotiate a tenor on its loan extension which covers the expected ramp up of the LNG operations. We closed the short position for a loss of 55bp.

We were able to trade our index short positions effectively; minimizing the time we used them to protect longs when the market was rising. Our index hedges realized a profit of 60bp.

We managed to make a profit of 32bp on Fortescue Metals Group Ltd. (FMG.AX). We had carried a small short position into the results announcement on the 22nd August but the announced improvement in the lowered break-even price of iron ore was enough to convince us to reverse this position and we benefited from the post result share price rally. This contributed 20bp to the performance.

Additionally our positioning across a range of HK listed names, either on the expectation of positive results announcements or expecting a company to benefit from Chinese policy decisions, led to a profit of 21bp.

Equity Arbitrage and Portfolio Hedge

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

Convertible Bonds

This portfolio contributed 24bp this month. This profit arose from our holding of Paperlinx SPS Trust (PXUPA.AX). PXUPA.AX has a senior status in the capital structure of Paperlinx Ltd relative to the ordinary shareholders, being akin to a preference share. In essence it will be difficult to pay a consistent dividend to the Paperlinx Ltd ordinary shareholders (PPX.AX) without agreement from PXUPA.AX unit holders. We believe that the management of Paperlinx are capable of, and are in the process of, improving the core business with a much better operational focus than previous management. We feel that once this improvement has been conveyed to market participants and the ordinary shares have begun to reflect this; an agreement of a swap of PXUPA.AX into PPX.AX will be possible, unlocking the messy capital structure and giving benefit to both sets of investors compared to current asset prices.

Special Situations

This portfolio contributed 35bp this month. No one underlying generated a significant impact.

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 31bp.

This month there was no significant impact from the allocation of profit and loss between series based on opening AUM vs. closing AUM levels (which differ over the month as a function of movements in the FX rate).

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