

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%					6.72%
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:	0.34%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	6.57%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	14.65%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$2239	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%					5.00%
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:	0.17%	FUND INFORMATION Share Class Denomination:	US\$
ROLLING 12 MONTH Performance:	3.50%	Investor Type:	Eligible Investor
SINCE INCEPTION Annualised Performance:	6.22%	Management Fee:	1.5%
SINCE INCEPTION, JULY 2012 Cumulative Performance of US\$1000 invested:	US\$1211	<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 and Singaporean Equities. Australian Listed Hybrid Securities. Australian and Hong Kong Equity Options. Australian Warrants. Indonesian ETFs. Australian, Hong Kong and US Index Futures. Australian and US Index Options.

Portfolio Hedge – Australian and Canadian Equity Warrants.

Special Situations – Australian, Chinese, Hong Kong and UK 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

The benefits of being market neutral are certainly evident after a month like August.

It is always tempting to try and pick market direction. This task can be much, much harder than picking the direction of an individual company. There are far less moving parts for an individual company: sector trends, management skills, earnings growth or product cycles to name a few. Move that to a global markets focus and we have to factor geopolitics, central bank balance sheets, and demographics. The list is infinite.

Whilst at KIS we sometimes find key macro red flags and hedge against them, we try to focus on companies.

We buy stocks we think are going up and short stocks we think are going down. Without letting our net market exposure be the decider of our returns.

Over time, we tend to catch up with swiftly raising markets while preserving capital during market downturns so we can continue to search for the next opportunity.

Long Short

This portfolio contributed 17bp of this month's returns.

Once again HK and Chinese markets were extremely weak this month with falls of 12% in the HSCEI, Shanghai Shenzhen 300 and Shanghai Composite (with 14 to 15% falls last month).

Having downsized our risk last month we were able to ride out the storm. We retained some long exposure to HK & China value names and this cost us 75bp, but our hedges in markets we saw as having a high correlation to HK & China reduced this to a loss of 10bp.

On a specific name basis we suffered from a long in Harmonicare Medical Holdings Limited (1509.HK) costing 25bp this month.

We have discussed the results of hospital site visits with various parties and are impressed with the quality of service and care provided by this company. Their positioning in obstetrics will be a strong driver given expected ongoing changes to China's one child policy. We expect to see this kick in once we are out of the year of the Goat (not a favorable year for birth) and the YoY numbers for birth accelerate in the FY ended Dec 2016. Unsurprisingly an improvement maybe seen in their fertility sales (IVF etc.) in the second half results to FY 2015.

The timing of the IPO means the stock has tended to trades heavily and has led to a strong discount to sector valuations which we do not see as justified. We plan to increase our exposure to this name if the share price weakens.

We benefitted from a short position in Woodside Petroleum (WPL.AX). Our long term analysis was that WPL.AX would not be able to maintain its dividend payments given weakness in energy prices and oil prices specifically. We think the investor base of WPL.AX is dominated by yield hungry investors, including a variety of smart Beta style investors who will be forced to sell if the dividend is cut. In their half year report WPL.AX held their dividend policy (and the weakness of A\$ vs US\$ foreign exchange rate obviously increases the value of their US\$ in A\$ terms and hence supports their \$ share price) and we took this as an indicator to close the short position in the near term.

We will look to 'reshort' the name but we may need to revisit that decision or at the least be patient. The stock has been weak in the first half of September post their bid for Oil Search (OSH.AX). This weakness is a result of perception of a need to pay up in a potential competitive bidding situation and to secure the Papua New Guinea Government's approval.

Our positioning in WPL.AX made us 25bp.

Portfolio Hedge

This portfolio did not make a significant contribution this month.

Special Situations

This portfolio generated 24bp.

The main driver of this profit was the trading of the competitive takeover of Affinity Education Group (AFJ.AX) with an initial bid by G8 Education (GEM.AX) and a competing bid from PE group Anchorage Capital.

It is not clear if all the parties in this situation have acted in a clear and fair manner but this created opportunities to position with good risk reward which we took advantage of with the name generating 23bp.

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 34bp.

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