

Fund Objective

KIS Capital Partners is an Australian based hedge fund manager with an Asia ex Japan trading focus. The KIS Asia Long Short Fund is a trading focused fund whose objective is to generate high absolute returns. Trade selection and portfolio management are based on three distinct principals of: Liquidity, Transparency and Risk Management. KIS looks to build a portfolio of 'winning' trades and hedge unwanted market risk.

Performance

This month's update includes performance data for the Master Series of the KIS Asia Long Short Fund (KIS ALSF), trade summaries and strategies deployed in December 2011.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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. Please contact the manager or fund administrator for more information. 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 2011 have been audited by Ernst & Young Partnership.

Monthly Summary

A NEW YEAR, A NEW NAME, SAME TRADING STRATEGY, SAME TEAM.

Existing investors will shortly receive a new Information Memorandum [IM] from our Fund Administrator. Any potential investors interested in receiving a copy of the new IM should contact KIS Capital Partners.

The main driver to reissue the IM was to rename the fund from Global Multi Strategy to Asia Long Short to more accurately reflect the main source of returns.

We have a global perspective and use this view to increase or decrease our risk appetite in the main markets we trade. Occasionally we trade in non-Asian markets generally with a view to protecting the overall portfolio in the most cost effective way. Over the past 12 months the annual return of 12.60% have come 11.34% from Australia, with Asia ex Australia contributing 2.39% and the Portfolio Hedges we have employed in global markets losing 1.13% of the annual return.

Similarly we use trading strategies other than purely Equity Long Short which has been the main driver of our returns. Over the past 12 months the annual return has been 12.60%: Long Short has generated 9.95% of the gains, Special Situations contributing 3.27% of the gains, and the Portfolio Hedges we have employed losing 0.63% of the annual return. The Convertible Bond Trading and Equity Arbitrage strategies have not made any significant contribution.

The above attribution of P&L has been fairly consistent and as a result we think the new name more accurately reflects our risk taking and return generation.

As always it remains a key driver for us to be open and transparent with our investors.

On the macro view we start the year with a cautiously positive view of the equity world.

We still need to see how the European member nations manage to deal with, what we consider will be, the inevitable default of Greece. In our minds a default will have occurred if the haircut required to be taken by Greek bond holders is greater than 50%. The main issue will be the contagion effect on the larger but also fiscally troubled nations, such as Italy and Spain and the impact on the balance sheet of the European banks.

Assuming this can be contained; equities look cheap relative to historic basis.

Economic data from the US is starting to improve showing that a loose liquidity policy can help invigorate the economy.

FUND PERFORMANCE PROFILE

MONTHLY

Performance: -0.02%

ROLLING 12 MONTHS

Performance: 12.60%

SINCE INCEPTION

Cumulative Performance: 57.63%

FUND INFORMATION

Fund Denomination:	AUD
Investor Type:	Sophisticated/Wholesale
Management Fee:	1.5%
Performance Fee:	20%
Management and Performance Fee are shown ex. GST	
Performance Benchmark:	RBA Cash Rate
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)

FUND DESCRIPTION

Asia Long Short: please see below for list of countries and strategies employed

Strategies used this month

- Equity Long/Short – Australian, Hong Kong and Singaporean Equities. Australian Equity Options Warrant and Rights. Australian & US Index Futures.
- Portfolio Hedge – Australian Equity Options and Warrants.
- Equity Arbitrage – Australian Equities
- Convertible Bond Trading – Australian & Hong Kong Convertible Bonds (CBs) and Credit Default Swap on Australian Issuer.
- Special Situations – Australian, Hong Kong & Singaporean Equities. Hong Kong Equity Rights. Australian Warrants and Index Futures.

Monthly Summary (continued)

The ECB balance sheet has caught up with the FEDs, indicating to us a realization that the European financial system needs a loose liquidity policy to weather the storm. This is obviously bearish for the Euro FX rate.

Finally the majority of forced selling seems to have occurred, equity investors are beginning to turn bullish (American Association of Individual Investors bullish readings are at their highest since February 2011 and bearish reading are at their lowest since December 2010), recent up market moves are nearly as large as down market moves, equity market volumes are low, the market feels 'under owned'.

None of the strategies made a large positive or negative contribution to what is, in essence, a flat month. To avoid reiterating this point in each strategy summary, please be aware of this fact.

Long Short

Our long position in Neon Energy Ltd contributed 42bp of performance this month, benefitting from positive news in their Paloma project in California and the anticipation of completing a 'farm-out' agreement on their offshore Vietnamese blocks.

We suffered on our long position in Newcrest Mining Ltd losing 36bp. Gold stocks have been underperforming the rally in the physical price but suffered when the price of gold slumped this month. We have cut this position. We believe that given a macro view, loose monetary policy will continue to be required, gold will likely rebound and there will be an opportunity to trade this theme from the long side again.

Our short position in Westfield Retail Trust contributed 22bp of performance this month. We continue to be bearish of retail in Australia and believe that this will negatively impact the retail property trusts as tenants begin to force rental reductions or simply cease to trade.

Portfolio Hedge, Equity Arbitrage, Convertible Bond Trading

Nothing of significance to report for any of these strategies for December.

Special Situations

We avoided the placements and IPOs outside of Australia. HK IPOs performed particularly badly this month.

We participated in some Australian IPOs and placements and hedged this exposure by shorting index futures in the second week of the month. Poor sentiment led to falls in many of these stocks on listing, but this was offset by our futures hedge. We expect that investor sentiment may turn more positive to these stocks in January.

We were able to make 11bp risk free on the cash/stock election on Commonwealth's takeover of Count Financial.

Contact Information

KIS CAPITAL PARTNERS

Address: Suite 1306, 109 Pitt Street, Sydney, NSW 2000, Australia

Tel: +61 2 8227 7111

Email: ir@kiscapital.com

Disclaimer

The information contained in this document has been prepared by KIS Capital Partners Pty Ltd ABN 87 138 165 901 AFSL 339583 ('KIS Capital') and is given to only 'wholesale clients' (as defined in the Corporations Act 2001 (Cth)). By accepting this document, you are representing that you are a 'wholesale client' and that you will keep this document and the information therein confidential including not to provide it to retail clients.

This document does not take into account the objectives, financial situation or needs of any particular person. The information in this document is intended only for purposes of providing a general understanding of an investment in KIS Asia Long Short Fund ('Fund') and is not intended to be a definitive statement on the subject matter nor should be relied upon in making a decision to invest in the Fund. Persons should rely solely upon their own investigations in respect of the subject matter discussed in this document.

Any forward looking statements, opinions and estimates provided in this document are based on assumptions and contingencies which are subject to change without notice. Forward-looking statements including projections and estimates are provided as a general guide only and should not be relied upon as an indication of the future performance of the Fund. Investments can fall as well as rise. Past performance is not necessarily indicative of future performance.

No representations or warranties, express or implied, are made as to the accuracy or completeness of the information, opinions and conclusions contained in this document. In preparing this document, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available to KIS Capital. To the maximum extent permitted by law, neither KIS Capital nor its directors, employees or agents accept any liability for any loss arising in relation to this document.

This document does not constitute an offer to sell or a solicitation of an offer to buy interests or securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation.