

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% | 2.81% | 2.50% | -2.33% | 2.90% | 13.02% |
| 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 2015 have been audited by Ernst & Young Partnership.

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

| MONTHLY | | FUND INFORMATION | |
|---|---------|--|------------------------------|
| Performance: | 2.90% | Fund Denomination: | A\$ |
| ROLLING 12 MONTHS | | Investor Type: | Sophisticated/Wholesale |
| Performance: | 13.02% | Management Fee: | 1.5% |
| SINCE INCEPTION | | Performance Fee: | 20% |
| Annualised Performance: | 14.82% | <i>Fees are shown exclusive of GST</i> | |
| SINCE INCEPTION, OCTOBER 2009 | | Performance Hurdle: | RBA Cash Rate |
| Cumulative Performance of A\$1000 invested: | A\$2372 | 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% | 2.46% | 2.15% | -2.48% | 2.60% | 9.96% |
| 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: | 2.60% | FUND INFORMATION Share Class Denomination: | US\$ |
| ROLLING 12 MONTH Performance: | 9.96% | Investor Type: | Eligible Investor |
| SINCE INCEPTION Annualised Performance: | 7.01% | Management Fee: | 1.5% |
| SINCE INCEPTION, JULY 2012 Cumulative Performance of US\$1000 invested: | US\$1268 | <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, Malaysian, New Zealand, Singaporean and US Equities. Australian Equity Options, Equity Rights and Hybrid Securities. Australian and US Index Futures.

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

Special Situations – Australian, Chinese, Hong Kong, Singaporean and US Equities. Australian Warrants. Australian and US Index Options.

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 FED finally increased the overnight interest rate and markets initially shrugged off what was a well telegraphed event.

Subsequently following on from poor Chinese economic data and the mishandled implementation of ‘circuit breakers’ on the Chinese equity market, Global markets were sold off heavily in January.

Between the 31st Dec and the 21st January the Hong Kong based HSCEI and China based SHCOMP index both fell by 19%, this is equivalent to an annualized decline of 97%.

The US S&P 500 fell by 9% over the same period, an annualized decline of 77%.

Against this backdrop and the wealth effect impact on the FED’s expectations for the US economy, we expect the FED will be slow moving with future interest rate hikes.

Long Short

This portfolio generated a profit of 220bp.

This month our returns were quite evenly split across both our long and short ideas with longs contributing 45% and shorts contributing 55% of this return.

We suffered on some long positions in the Energy sector which we stopped out of quickly. The impact of these moves were sufficient to reduce our returns from this sector for the past twelve months to -16bp.

Fortunately in December we were able to offset this drag by good stock selection within the Consumer Discretionary sector which contributed 61bp, Industrials 86bp and Information Technology 83bp.

Looking at some specific names:

We generated 51bp on our long position in Oncosil Medical (OSL.AX). OSL.AX filed an Investigational Device Exemption (IDE) with the US Food and Drug Administration (FDA). Investors took this filing with the FDA as very positive news for OSL.AX which drove the stock higher and we used this movement as an opportunity to lighten our position. We hold the view that the most important announcement for OSL.AX is the awarding of a Conformité Européenne (CE) Mark.

The stock subsequently drifted lower in January and we have added to our position buoyed by the news that Dr Chris Roberts has joined the board of OSL.AX as a non-executive director. Dr Roberts’ success in the medical sector as former chairman of Sirtex Medical Ltd (SRX.AX), former CEO of Cochlear (COH.AX) and non-executive director of ResMed Inc (RMD.AX) indicate the value he can bring to OSL.AX and its future growth.

Our largest winner was our short position in Spotless Group (SPO.AX).

It has not been a good month for stocks previously held by private equity with Dick Smith (DSH.AX) entering receivership.

SPO.AX had polarized analyst opinion, mainly driven by their unusually large margins compared to their peer group and positive guidance by the previous CEO (who had relatively recently divested his holding).

Our analysis was that these margins were not sustainable when so many of their customers were in industries in which serious issues were being faced in economies with lackluster growth.

BHP Billiton (BHP.AX) had recently negotiated longer payment terms on contracts with many of its suppliers, offering similar services to SPO.AX, which is not an indicator of a situation from which suppliers had been able to maintain or even increase margins.

On the 2nd December SPO.AX announced a profit warning falling 40% to A\$1.33 from A\$2.20 the previous day.

Our short position generated 65bp.

Portfolio Hedge

This portfolios did not make a significant contribution this month.

Special Situations

We suffered on the remaining long position we had in Uranium Resources Incorporated (URRE) which was received as a result of the takeover of Anatolia Energy (AEK.AX). We were concerned by some of the actions the management were taking and hence decided to liquidate the remaining URRE position that we had not been able to short sell prior to the merger completion or in November after the merger completed. This cost us 22bp,

We were able to offset these losses by participation in some primary deals including the IPO of Atlassian Corporation PLC (TEAM) which, in tandem with the index hedge we used to protect the portfolio, produced a profit of 27bp.

Across the whole portfolio we generated a profit of 60bp.

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 23bp.

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.

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