

## 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%											-0.26%
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:	0.09%	Fund Denomination:	A\$
<b>ROLLING 12 MONTHS</b>		Investor Type:	Sophisticated/Wholesale
Performance:	1.50%	Management Fee:	1.5%
<b>SINCE INCEPTION</b>		Performance Fee:	20%
Annualised Performance:	14.61%	<i>Fees are shown exclusive of GST</i>	
<b>SINCE INCEPTION, OCTOBER 2009</b>		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$2093	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%											-0.79%
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 2013 have been audited by Ernst & Young Partnership.

## Fund Performance Profile: KIS Asia Long Short Cayman Fund US\$ Series

<b>MONTHLY</b> Performance:	-0.11%	<b>FUND INFORMATION</b> Share Class Denomination:	US\$
<b>ROLLING 12 MONTH</b> Performance:	-1.72%	Investor Type:	Eligible Investor
<b>SINCE INCEPTION</b> Annualised Performance:	5.17%	Management Fee:	1.5%
<b>SINCE INCEPTION, JULY 2012</b> Cumulative Performance of US\$1000 invested:	US\$1144	<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 and US Equities. Australian and Hong Kong Equity Options. Australian Equity Rights. Hong Kong and Indonesian ETFs. Hong Kong ETF Options. Australian, Chinese, Hong Kong and US Index Futures. Australian and Taiwanese Index Options.

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

**Convertible Bonds** – Australian and Korean Equities.

**Special Situations** – Australian, Chinese, Hong Kong, New Zealand, Singaporean and UK Equities.

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

There has been a massive US\$ currency rally with a 19% rally in US Dollar Index (DXY index) in the past 8 months to the end of February and a further 5% in the first two weeks of March. EUR weakness has been a significant driver of this and the exporting nations of Europe should see the benefit of this weakness, the losers being China and US exporters.

As this plays out, one must begin to question how willing the US will be to follow through by hiking interest rates in response to improving employment and economic conditions; if these hikes, or expectation of hikes, produce currency movements that will endanger this recovery. If so then the only way for an economy to reduce its Quantitative Easing (QE) and Zero Interest Rate Policy (ZIRP) will be hand in hand with its global trade partners.

Whilst inflation is not prevalent, apart from in financial assets, reduction of QE and a change to ZIRP may only be possible if major trading partners are able to tighten fiscal policy and increase interest rates in tandem. The issue here is the delay time until all major trading partners have their economies stable. Financial assets may not have a reason to return to affordable levels until this occurs.

## Long Short

This portfolio generated 22bp of returns this month.

One notable factor this month was the size of contribution from our long positions and short positions. This month our long names contributed 314bp whilst our short positions cost 299bp. These are the largest numbers since we have been measuring our long and short contribution in a very detailed manner (July 2012). This is unsurprising given the large % movement in the Australian equity market where we had allocated 2/3rds of our gross delta.

We used index futures and options to bring our average net delta to flat over the month, this meant we were short an average of 12% of fund AUM over the month and this cost 60bp. On a market cap basis, our main long was in small caps where we ran 13% of fund AUM over the month which created a profit of 85bp. The most notable contributors in small cap names were Freelancer (FLN.AX) at 24bp and Nirvana Asia Ltd. (1438.HK) at 16bp. We had held FLN.AX as it had exceptional revenue growth and was solidifying its market dominance. That said we did take some profits over the month as the stock has rallied 41% and, although we like the business, the low liquidity in the stock would not allow us to run a significant position. 1438.HK was an unsuccessful Hong Kong IPO which created a great opportunity to buy value being the cheapest death care service provider in the region and cheap on a global scale.

## Portfolio Hedge, Arbitrage, Convertible Bonds, Special Situations

None of these portfolios made a substantial impact on an individual basis; contributing or detracting less than 10bp each; nor as a sum costing the fund 10bp as a total.

## 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 25bp.

## Contact Information

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