

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
2016	-0.41%												-0.41%
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:	-0.41%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	12.95%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	14.53%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$2362	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
2016	-0.58%												-0.58%
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		FUND INFORMATION	
Performance:	-0.58%	Share Class Denomination:	US\$
ROLLING 12 MONTH		Investor Type:	Eligible Investor
Performance:	10.07%	Management Fee:	1.5%
SINCE INCEPTION		<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>	
Annualised Performance:	6.67%	Performance Fee:	20%
SINCE INCEPTION, JULY 2012		Performance Hurdle:	None
Cumulative Performance of US\$1000 invested:	US\$1260	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. ADRs on Indian equities. Australian Equity Options and Hybrid Securities. Australian, Hong Kong and US Index Futures.

Portfolio Hedge – Australian and Canadian Equity Warrants. Options & Warrants on ETFs. Australian Index Options.

Special Situations – Australian, Chinese, Hong Kong, and Singaporean Equities. Warrants on ETFs.

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

January saw weakness in commodities, oil, emerging markets and high yield credit spread to developed markets. Investors have slowly lost faith in the ever less effective central bank fiscal experiments. With central banks providing little support and the US in a tightening cycle, there are legitimate concerns around slow growth, extended asset prices and solvency both sovereign and corporate, mostly related to oil.

In February, high yield credit showed the most stress since previous bear markets leading to investors to ask the question if we are looking at a repeat of 2008 where the global financial system was at risk or something less severe like 1990, 1998 or 2003.

While concerns are warranted, there are some data points that suggest not to panic just yet. Some positive economic data points can be seen in China, US dollar weakness can be supportive and investor asset positioning already at 2009 March lows mean the picture is not completely bleak. Weak oil prices are a major concern that needs to be addressed and US growth needs to find a new gear.

Clearly we are in for a volatile year. We believe there will continue to be opportunities but this year looks to be one well suited for active managers.

Long Short

This portfolio lost 44bp.

Unsurprisingly in such weak market conditions, the contribution from our short positions was positive, just surpassing the loss from our long positions. This is despite having an average long bias over the month of 8% of the fund's AUM (the MSCI Asia ex Japan fell by 8% on the month with the ASX 200 falling by 5% and the HSCEI by 15% having a high of 19% down earlier in the month).

Where we suffered was from trading impacts and costs. Over the past three and a half years (which we have processed data for) the average impact has been 6bp a month. This month the impact was 58bp. This is the third worst impact we have seen in this data set. Drilling into the data further we would have been more effective if we had reduced our hedging activity during the trading day and simply ran risk until the end of each trading day and executed trades and hedges at that point. This obviously overlooks the impact on the closing price of assets this action would have so in practice it would not be as effective as the data analysis would imply.

The issue here is in markets that are moving so violently intraday, waiting for the end of the day to apply your hedge can swamp any returns you expect to make via stock selection. Under these conditions we will continue to run a more conservative and active hedging policy rather than trusting to the gods that we were picking long names early on a day the market rallied and shorting names early on a day when the market falls.

We are working with a new data partner with the aim of getting higher value out of the huge dataset we have built over the past six years. This dive into the deep data which is the history of all our trades, positions and returns should help guide us in making sure we do more of what we are good at and less of what we are not.

Portfolio Hedge

This portfolio lost 38bp this month

Examining the construction of our Long Short and Special Situation positions we decided that the fund could suffer in the event of a major 'risk on' liquidity driven rally, which would generate high stock correlation amongst large caps and most likely leave mid and small caps sidelined. As a result we purchased index call options to protect this risk. As this move never eventuated we lost the premium paid.

Special Situations

This portfolio generated 43bp.

The main driver of returns in this portfolio was our positioning and active trading of Singapore Airlines (SIAL.SI) approach for the minority stake of Tiger Airways (TAHL.SI) it did not already own. This is a very interesting situation with a close to at the money call option on SIAL.SI for TAHL.SI shareholders. A nuance arises from Singaporean corporation law and its treatment of minorities who do not accept a takeover offer which reaches 90% of all shares. This nuance allows dissenting investors to extend the maturity of the resultant option hence managing to get greater value out of the deal.

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 20bp.

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.

Contact Information

**Trustee; KIS Asia Long Short Fund:
KIS CAPITAL PARTNERS**

Address: Suite 601, 23 Hunter Street, Sydney, NSW, 2000, Australia

Tel: +61 2 8227 7111

Email: ir@kiscapital.com

**Board of Directors; KIS Asia Long Short Cayman Fund and KIS Asia Long Short Cayman Master Fund:
KIS Asia Long Short Cayman Fund and KIS Asia Long Short Cayman Master Fund c/o Intertrust Corporate Services
(Cayman) Limited**

Address: Walker House, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands

**Investment Manager; KIS Asia Long Short Fund, KIS Asia Long Short Cayman Fund and KIS Asia Long Short Cayman
Master Fund:
KIS CAPITAL PARTNERS**

Address: Suite 601, 23 Hunter 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)) or 'Eligible Investors'. By accepting this document, you are representing that you are a 'wholesale client' or 'Eligible Investor' and that you will keep this document and the information therein confidential including not providing it to retail clients or ineligible investors.

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 or the KIS Asia Long Short Cayman Fund ('the Funds') 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 Funds. 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 Funds. 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.