

Fund Objective

KIS Capital Partners Pty Ltd [KIS Capital] is an Australian based hedge investment manager with an Asia ex Japan trading focus. The KIS Asia Long Short Fund Australian Dollar Denominated [A\$] Australian Unit Trust [the AUT] and the KIS Asia Long Short Cayman Fund and Cayman Master Fund are trading focused funds whose objectives are to generate high absolute returns. 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 [the AUT].

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	2.33%	2.89%	0.73%	-1.50%	1.35%	-1.00%	0.24%						5.07%
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 2012 have been audited by Ernst & Young Partnership.

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

MONTHLY		FUND INFORMATION	
Performance:	0.24%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	13.38%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	19.49%	Performance Hurdle:	RBA Cash Rate
SINCE INCEPTION, OCTOBER 2009		Subscription:	Monthly
Cumulative Performance of A\$1000 invested:	A\$1656	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 [the Cayman Fund].

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012							-0.21%						-0.21%

Returns shown are net of fees for the US\$ class (inception, July 2012). Returns for other classes 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. The fund will be audited by Ernst & Young Partnership in December 2012.

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

MONTHLY		FUND INFORMATION	
Performance:	-0.21%	Share Class Denomination:	US\$
ROLLING 1 MONTH		Investor Type:	Eligible Investor
Performance:	-0.21%	Management Fee:	0.5% increasing over time to 2.0%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	-2.49%	Performance Hurdle:	None
SINCE INCEPTION, JULY 2012		Subscription:	Monthly
Cumulative Performance of US\$1000 invested:	US\$998	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 Walker Fund Services
		Investment Manager:	KIS Capital

Strategies used this month

Equity Long/Short – Australian, Hong Kong and Singaporean Equities. Australian Equity Options. Australian & US Index Futures.

Portfolio Hedge – Australian Equity and Equity Warrants and US Equity Options.

Equity Arbitrage – Australian Equities.

Special Situations – Australian and Hong Kong Equities. Australian Warrants (AUT only).

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 portfolio total return swaps and CFDs.

Monthly Summary

Please accept our apologies in the late delivery of this monthly report. We have worked on producing a single document that will keep investors and potential investors informed of our monthly performance, the source of this performance and any market views we have for both:

- the long standing KIS Asia Long Short Fund (the A\$ denominated Australian domiciled Unit Trust [AUT])
- the new KIS Asia Long Short Cayman Fund (the Cayman domiciled multi currency feeder company [the Cayman Fund]) .

The launch of the Cayman Fund has produced benefits for both fund holders. Where possible we have used our increased bargaining power to achieve better pricing for both funds, for example, we have managed to lower the commission costs with our most significant broker by 21%.

When writing a monthly report and giving any indication of predictive views it is imperative to avoid assuming that your current set of beliefs is the same as you held at the start of the month. If you are writing a report based to the end of July in the third week of August it is very easy to appear to have been very accurate about the first three weeks of the month! As a result, these predictive comments to will be kept to a minimum this month

We continue to have a bearish view of the world. Economic data is not positive, showing a general slowdown across many countries and economic sectors.

For the early part of July we positioned the total portfolio with a short bias.

Over the month we observed that at a micro level, stocks rallied hard which had a large short interest, and announced results that were better than a small miss.

We feel the equity markets are being squeezed higher due to shorts being covered or under allocations to equity weightings being taken to full allocation.

Long Short

The portfolio contributed 21bp of performance to the AUT and 16bp of performance to the Cayman fund.

Positions taken in Hong Kong were the largest contributor to the portfolio this month producing 90% of the gains. There was no single significant underlying within HK that produced the majority of the gain.

Position taking in Australia, Singapore and the use of US Index Futures as a hedge produced little return.

In Australia, our success ratio was limited with only 30% of trade ideas being winners.

With such a poor success ratio it is quite unusual to be able to talk of a positive contribution, even if it is small at 6bp.

We were successful at the fast and effective stopping out of ineffective positions and the maximization of winning ideas.

On the long side we made profits on Beach Energy Ltd contributing 21bp to the portfolio; we see Beach as a possible takeover target and plan to continue to retain a long exposure.

On the short side we suffered losses on Energy World Corp, losing 9bp. We had two significant winners on short positions in Navitas Limited and Lynas Corp Ltd. Lynas contributed 13bp of profit as the price tumbles of the rare earth minerals it hopes to process in Malaysia. Navitas contributed 17bp of profit to the portfolio. With a strong A\$ and less accommodating government policy, we think it is difficult to compete with the education opportunities being offered in the US, Canada and Europe. This was borne out on the 24th July when Navitas announced a slowing growth of international student enrolments.

Portfolio Hedge and Equity Arbitrage

Neither portfolio made a significant contribution to results this month.

Special Situations

This portfolio contributed 10bp to the AUT and 4bp to the Cayman Fund. The difference in contribution was a result of receiving warrants on Aleator Energy subscribed for in April (prior to the inception of the Cayman Fund). These warrants were the sole property of the AUT.

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\$. Please note that the monies attract interest in A\$ for the month. The cost of this hedge for July was 0.33%.

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