

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
2014	1.17%	1.76%	0.70%	-0.77%	0.21%	0.95%							4.07%
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 2013 have been audited by Ernst & Young Partnership.

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

MONTHLY		FUND INFORMATION	
Performance:	0.95%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	11.89%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	16.72%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$2085	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
2014	0.66%	1.56%	0.62%	-1.02%	0.03%	0.67%							2.53%
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

MONTHLY		FUND INFORMATION	
Performance:	0.67%	Share Class Denomination:	US\$
ROLLING 12 MONTH		Investor Type:	Eligible Investor
Performance:	8.68%	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:	8.04%	Performance Fee:	20%
SINCE INCEPTION, JULY 2012		Performance Hurdle:	None
Cumulative Performance of US\$1000 invested:	US\$1167	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, Hong Kong, Indonesian, New Zealand and Singaporean Equities. Australian and US Index Futures. Australian and Hong Kong Equity Options. Australian Index Options.

Portfolio Hedge – Australian and Canadian Equity Warrants. A\$ vs US\$ FX. Australian Index Options.

Convertible Bonds – Australian Listed Hybrid Securities.

Special Situations – Australian, Hong Kong and Singaporean Equities. Australian Hybrid Securities. Australian Index Options.

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

Please accept my apologies for the late distribution of the monthly newsletter. June is the end of the Australian Financial Year and for the KIS Asia Long Short Fund, which is an Australian domiciled unit trust, it signals the start of the process of Audit and Tax Distribution. These various processes are time consuming and require a strong eye for detail.

By now investors in KIS Asia Long Short Fund should have received their tax distribution statements and series consolidation contract notes (all series apart from April 2014 were above the performance hurdle and high water mark). If you have not received them please contact the fund administrator, TMF, by email SSG.AUS@tmf-group.com.

With the newsletter being issued so late in the month it becomes relatively easy to predict what has happened in July whilst having a June title at the top of the page. We try not to deceive our investors or ourselves with these kind of tricks.

Suffice to say we still believe that globally long dated bonds do not offer value, money on deposit is a waste of opportunity, credit spreads are too tight to reflect normal default risk and equity volatility cannot remain this low forever. These are all observations of markets that have been strongly influenced by the liquidity that has been put into markets by various central banks. These are asset classes you can easily lose money on in tightening liquidity conditions. More importantly, our view is that these assets are now so artificially priced you are unlikely to make a decent return even if central banks keep the liquidity tap on.

On the subject of when will the liquidity tap be closed; as inflationary signs begin to appear in wages and consumer price indices the various central banks will be forced to reduce the flow of money. We watch carefully for a tick up in these barometers.

Long Short

This portfolio made 61bp this month.

22bp of this return was contributed by a long position AusTex Oil Limited (AOK.AX). The removal/crystallization of the overhang of new shares from conversion of convertible notes allowed the shares to trade up. The note holders also had a lien on some of AOK.AX's oil and gas assets and the conversion allows these assets to be used as security for other borrowing and makes them available for sale etc.

No other single name made a significant contribution to this portfolio's return.

We have spent the past two months working in great detail with Imagine (our Risk Management System Provider) to improve our ability to deal with the 'big data' that our investment strategy produces in this portfolio. This has allowed us to significantly improve our ability to quantify drivers of return to this portfolio and compare it to risk. This month:

- 58bp of our returns came our short positions. Neither long positions nor trading (defined as the difference between the activities during the trading day vs executing on the closing price) made a significant impact. Our average net equity exposure over the month was +2% of the funds' AUMs.
- Australia was the driver of returns contributing 88bp, we suffered a small loss using US markets to hedge risk overnight. Our average gross equity exposure (the absolute sum of long and short delta exposures) in Australia represented $\frac{3}{4}$ of our average gross exposure.
- The financial and energy (all from AOK.AX) sectors contributed 27bp and 24bp respectively. Excluding the use of index, these were also our two largest average gross equity exposures. The performance in the Financial Sector was driven by well selected longs across Chinese banks and property REITs, our average net equity exposure to financials over the month was 7% of the funds' AUM and our gross equity exposure was 17%.
- Finally on a market cap basis the return was split to be 9bp from Index hedging, 28bp in large caps, 18bp in mid caps and 6bp in small caps. We exhibited our usual slight net equity position bias to small caps being 11% long of funds' AUM in small caps vs -10% in equity indices. The returns in Large and mid caps was driven by stock selection as the average net equity exposure on these groups was +1% and +2% respectively whilst the gross equity exposure was 20% and 16%, all percentages of funds' AUM.

Please note that if you would like further detail on this attribution please email ir@kiscapital.com and we will furnish an .xls of this data. We have currently built back to July 2012 and are working on taking the data back to the launch of the KIS Asia Long Short Fund in October 2009.

Portfolio Hedge, Convertible Bonds

These portfolios did not have a significant impact on returns this month.

Special Situations

This portfolio contributed 29bp this month.

We suffered a loss of 20bp on the IPO of Hang Fat Ginseng/0911.HK. We were very surprised about the weakness of this, and some other, Hong Kong IPOs. 0911.HK's IPO was 50x oversubscribed and was priced at the top end of its indicated price range but opened -34%. This was probably the most dramatic move since in HK IPOs this month but was an indication to us that it would be better to look at these opportunities post listing rather than at IPO for the next one to two months.

As mentioned last month we held a position in Ambassador Oil/AQO.AX. We benefited from Magnum Hunter Resources Corporation's (MHR.US) involvement in the situation who made a competing bid to Drillsearch Energy Ltd.'s (DLS.AX) original offer. Both MHR.US & DLS.AX improved their bids and we took profits on our position of long AQO.AX and short DLS.AX reducing our holding of AQO by 40% from its peak.

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 26bp.

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