

## 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%							6.08%
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:	-1.48%	Fund Denomination:	A\$
<b>ROLLING 12 MONTHS</b>		Investor Type:	Sophisticated/Wholesale
Performance:	6.79%	Management Fee:	1.5%
<b>SINCE INCEPTION</b>		Performance Fee:	20%
Annualised Performance:	15.17%	<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\$2226	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%	-1.48%	-1.64%						4.92%
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

<b>MONTHLY</b>		<b>FUND INFORMATION</b>	
Performance:	-1.64%	Share Class Denomination:	US\$
<b>ROLLING 12 MONTH</b>		Investor Type:	Eligible Investor
Performance:	3.63%	Management Fee:	1.5%
<b>SINCE INCEPTION</b>		<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:	6.55%	Performance Fee:	20%
<b>SINCE INCEPTION, JULY 2012</b>		Performance Hurdle:	None
Cumulative Performance of US\$1000 invested:	US\$1210	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, Taiwanese and US Equities. Australian Listed Hybrid Securities. Australian and Hong Kong Equity Options. Indonesian ETFs. Australian, Chinese, Hong Kong and US Index Futures. Australian Index Options.

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

**Special Situations** – Australian Listed Hybrid Securities. Australian, Canadian, Chinese, Hong Kong, New Zealand 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

Financial markets were happy to say goodbye to June. The ASX200 dropped 5.51%. The Hong Kong HSCEI and China SHCOMP markets were down 7.91% and 7.09% respectively.

Greece was the headline for most of the month. We are quite surprised by the lack of leadership and the ability of the Tsipras government to secure the worst possible deal. Ultimately the Greeks and their creditors will have to concede that more debt cannot fix a problem of too much debt. We think a 'Grexit' is inevitable at some point. It is the flaw of the Euro that economic zones (countries) do not have a natural shock absorber (currency) to help insulate against fluctuations in economic activity. A case in point is the Australian dollar's retreat over recent times to cushion the effect of plummeting export prices. We will have to deal with the 'Grexit' issue again at some point in the future.

June saw the start of the deleveraging process in the Shanghai Composite and ChiNext markets. SHCOMP closed down 17.35% from the peak. We will discuss this point further in the July report. We had reduced most of our exposure to the Chinese listed A shares but were still effected by the moves in Hong Kong.

July is a seasonally stronger month and we anticipate markets stabilize.

## Long Short

This portfolio did not perform this month losing 187bp.

This month we ran an average long bias of 13% in this portfolio, additionally our country allocation underperformed. Our net long bias cost 80bp and country delta biases (e.g. long of Australia and short of Singapore) cost 32bp.

On a specific name basis we suffered on our long position in Sirius Resources (SIR.AX). We held a belief that the significant sell off that occurred in Independence Group NL (IGO.AX), the suitor to SIR.AX, was too aggressive and held a long exposure to SIR.AX expecting a bounce. We did trim some of this exposure over the month, either directly or via IGO.AX, but our view cost us 38bp this month (we had made 60bp last month on SIR.AX).

We suffered a 30bp loss on Vocation Ltd (VET.AX). Much of the selling that occurred in June was blamed on capital gain loss realization.

We have spent considerable time analyzing this company and talking to the new management. We feel that once the issues related to class actions are resolved, VET.AX will be considered to be investable by the wider investment community. The new management are resolving many of the issues that have befallen the company. Once these previous issues have been resolved investors will begin to look at the value of this company and realize how incredibly cheap it is.

## Portfolio Hedge

This portfolio did not make a significant contribution this month.

## Special Situations

This portfolio generated 47bp of returns this month.

We were effective in the trading of two HK based situations this month.

To clarify each businesses interest more effectively Li Ka-Shing reorganized his holdings of Cheung Kong Holdings (1 HK), Hutchison Whampoa Ltd (13 HK) and Husky Energy (HSE CN). 'Coincidentally' it puts the Li family's stake of the companies at 30% which allows them to creep their holding without crossing 30% (and therefore being forced to make a mandatory general offer). Arbitraging of the terms offered to shareholders generated 20bp.

On the 31st May China Conch Holdings (586.HK) was added to the Hang Seng Index on the 29th May. The index buying of this name allowed us the opportunity to short 586.HK and buy its main operating asset, Anhui Conch Cement (914.HK), as the implied holding company discount had compressed to its lowest level on index tracker buying for 586.HK. Some significant shareholders of 586.HK had holding lock ups which expired and given the strength in the stock, we anticipated some of them selling to take profits. 586.HK underperformed 914.HK and we closed out the position in the second week of June realizing 38bp.

## 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 22bp.

## 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](mailto: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](mailto:ir@kiscapital.com)

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