

## Fund Objective

KIS Capital Partners is an Australian based hedge fund manager with an Asia ex Japan trading focus. The KIS Asia Long Short Fund is a trading focused fund whose objective is to generate high absolute returns. Trade selection and portfolio management are based on three distinct principals of: Liquidity, Transparency and Risk Management. KIS looks to build a portfolio of 'winning' trades and hedge unwanted market risk.

## Performance

This month's update includes performance data for the Master Series of the KIS Asia Long Short Fund (KIS ALSF), trade summaries and strategies deployed in March 2012.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	2.33%	2.89%	0.73%										6.06%
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 2011 have been audited by Ernst & Young Partnership.

## Monthly Summary

World equity markets posted modest gains in March with the MSCI World index +1.02% and the ASX 200 +0.85%.

The US economic situation continues to improve with unemployment declining to 8.72%.

The economic picture in Europe was not as pretty, with fiscal austerity measures in Spain and Italy continuing to drag on the economy.

Credit markets are clearly aware of the risk that this economic slowdown is creating especially with regard to Spain as 5 year CDS moved from 360bp to 435bp in March, spreads continued to widen in April.

We will continue to monitor this situation and will reduce risk and minimize the downside exposure of the portfolio.

We are pleased to say that the KIS Asia Long Short Fund [KIS ALSF] was independently rated by Zenith research and received a "Recommended" rating. Please contact us if you would like to receive a copy of the research.

KIS ALSF has also been nominated for the best Asia ex-Japan Hedge Fund by Eurekahedge. We are very pleased to be nominated for this award although given our size relative to other nominees we are not expecting to win.

### FUND PERFORMANCE PROFILE

#### MONTHLY

Performance: 0.73%

#### ROLLING 12 MONTHS

Performance: 19.52%

#### SINCE INCEPTION

Annualised Performance: 22.82%

#### SINCE INCEPTION

Cumulative Performance of A\$1000 invested:: A\$1671.80

### FUND INFORMATION

Fund Denomination:	A\$
Investor Type:	Sophisticated/Wholesale
Management Fee:	1.5%
Performance Fee:	20%
Management and Performance Fee are shown ex. GST	
Performance Benchmark:	RBA Cash Rate
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)

### FUND DESCRIPTION

Asia Long Short: please see below for list of countries and strategies employed

#### Strategies used this month

- Equity Long/Short – Australian, Hong Kong and Singaporean Equities. Australian Equity & Index Options. Australian, Hong Kong & US Index Futures.
- Portfolio Hedge – Australian Equity Options and Warrants. Australian 3 Year Bond Futures.
- Equity Arbitrage – Australian & Hong Kong Equities.
- Convertible Bond – Australian Hybrid & Convertible Bonds (CBs) and Credit Default Swap on Australian Issuer.
- Special Situations – Australian, Hong Kong & Singaporean Equities. Australian Hybrid & CBs. Australian and US Index Futures.

## Long Short

This portfolio contributed 30bp. Significant contributors this month were:

Pura Vida benefited from a research piece highlighting the value of the company given its resource holdings offshore in Morocco. We took this opportunity to take some profits, which contributed 28bp.

We traded Paladin from the long side. We expected other investment managers to reallocate cash from the takeover of Extract Resources and from expected positive news from the annual China Nuclear power conference. We were stopped out as the stock did not move positively and positive commentary was not forthcoming. We lost 24bp.

Mitsubishi Corporation purchased a 7.5% stake in 9 of Talisman Energy Inc Papua New Guinea licenses. Kina held a 15% interest in at a level that highlighted the low valuation of Kina's ownership. We took profits on part of our holding in Kina Petroleum Ltd contributing 25bp of this month's return.

## Portfolio Hedge, Equity Arbitrage and Convertible Bond.

These portfolios contributed a total of 15bp of the monthly return.

## Special Situations

This portfolio contributed 27bp of the monthly return.

In the Capital Market we benefited on placements making 13bp.

In the M&A space, New Hope Corp Ltd. terminated its sale process. This surprised us as we had been confident that Mr Millner had seen serious buying interest before commencing the sale process. We closed the long position for a loss of 16bp. Trades and positions in other names: Brockman Resources Ltd., Flinders Mine Ltd., Goodman Fielder Ltd. and a selection of small Asian M&A names contributed a profit of 26bp.

After the month end, Magnitogorsk's bid for Flinder's was frustrated by a legal injunction in a Russian court by a small minority shareholder. In the month of April this led to a loss of 120bp (as of 20th Apr). The rationale for this court action is not clear at this time. We have reduced the majority of this position and will review the remaining holding as further information becomes apparent.

## Contact Information

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