

## 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%										2.32%
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:	2.59%	Fund Denomination:	A\$
<b>ROLLING 12 MONTHS</b>		Investor Type:	Sophisticated/Wholesale
Performance:	3.40%	Management Fee:	1.5%
<b>SINCE INCEPTION</b>		Performance Fee:	20%
Annualised Performance:	14.91%	<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\$2147	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%										1.46%
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> Performance:	2.27%	<b>FUND INFORMATION</b> Share Class Denomination:	US\$
<b>ROLLING 12 MONTH</b> Performance:	-0.11%	Investor Type:	Eligible Investor
<b>SINCE INCEPTION</b> Annualised Performance:	5.87%	Management Fee:	1.5%
<b>SINCE INCEPTION, JULY 2012</b> Cumulative Performance of US\$1000 invested:	US\$1170	<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>	
		Performance Fee:	20%
		Performance Hurdle:	None
		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 and US Equities. Australian Listed Hybrid Securities. Australian and Hong Kong Equity Options. Australian Equity Rights. Chinese and Indonesian ETFs. Australian, Chinese, Hong Kong and US Index Futures. Australian and Taiwanese Index Options.

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

**Special Situations** – Australian, Chinese, Hong Kong, Indonesian, Singaporean and UK Equities. Australian Listed Hybrid Securities

To simplify the reporting of strategies used we have integrated some of the previous definitions this month.

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

In March, US markets continued to trade sideways while investors tried to form a view as to whether the Federal Reserve would raise interest rates sooner rather than later.

Australian markets traded a little softer post the strong gains seen in the first 2 months of the year. March's equity highlight has been Europe where expectations were so low it was relatively easy to impress.

In April, we have seen extraordinary moves in Hong Kong as the market anticipates mainland institutions buying cheaper Hong Kong equities given valuations have risen significantly in mainland A-shares. For example the ChiNext Index, an index of growth enterprises in China, trades at over 80x PE. Well-known companies and discounted HK/China listed names have been of focus. We will discuss this more in our next update.

We are seeing improving volumes in the equity markets we focus on. M&A is making a significant come back as are IPO's and secondary deals, we are active in both areas.

We continue to have a long bias in Asia and a short bias in Australia where the economic outlook is poor. Markets in Australia have been driven higher on interest rate cuts, rather than improvements in company earnings.

Overall, equity markets look expensive; we are cautious given we see a reasonable probability of a fall in equities at some point during the year.

We are pleased to see a return to stronger performance. We have been working hard to analyse the finer details of our investment process and are finding better ways to position the portfolio. This is an ongoing process but we are already seeing some rewards. We are happy to discuss this more should investors, or prospective investors, wish.

Please feel free to give us a call.

## Long Short

This portfolio generated the majority of this month's returns contributing 242bp.

Looking at the driver of our returns both long ideas, short ideas and trading/execution generated returns with longs producing the most significant contribution at 176bp, shorts producing 45bp and trading/execution adding 19bp.

On a country basis Australia and NZ delivered 194bp, Hong Kong and China 52bp and other countries producing minimal impact.

Our returns were across all market caps with a skew to the smaller names: index produced 28bp, large cap 43bp, mid cap 70bp and small cap 96bp.

We were active in the Australian bio tech sector.

We suffered in Neuren Pharmaceutical (NEU.AX) which fell 44% after announcing a failure to achieve breakthrough status by the US FDA for Trofinetide to treat Rett syndrome. Trofinetide had previously been awarded orphan drug status and the market had moved NEU.AX's price up on a strong perception that breakthrough status would be granted. It should be noted that NEU.AX will be meeting with the FDA in the second quarter to advance the development of Trofinetide. We lost 28bp on the name.

Sirtex Medical (SRX.AX) also disappointed the market making an announcement that test results for its combined radioactive bead and chemotherapy treatment had not met the required success target in bowel cancer patients. There were positive outcomes from the test results for its success on liver tumors. The stock traded down 62% before recovering to down 50% and closing 55% lower than the previous day. Although we had no position on the stock we felt, and this was supported by expert consultation, that the announcement was delivered in a heavy handed manner and we used this view to supporting buying stock near the low of the day which we sold later in the day. This day trading generated 27bp.

Our largest winner was a long on China CYTS (600138.SH) adding 29bp. We had formed a view that the anti-corruption purge had pushed a lot of spending offshore from both money that was actually corrupt, and also legitimate spending for fear of appearing profligate and attracting undesired attention. This spending may previously have found its way to Macau or Hong Kong; but with Macau gaming numbers falling and the 'umbrella revolution' leading to mainland tourist to look for other destinations other than HK. Travel operators such as 600138.SH were well positioned to benefit. We have now closed the position as the valuations on the stock became too demanding, but will look for other names to play the theme.

## Portfolio Hedge

This portfolio did not make a meaningful contribution this month.

## Special Situations

This portfolio generated 20bp of returns this month. There was no one large contributor and the returns were driven by capital market activity such as placements and IPOs.

## 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\$. 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 25bp.

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