

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 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 [AUT].

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	-0.94%	2.20%	0.54%	0.83%	3.00%								5.71%
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 2012 have been audited by Ernst & Young Partnership.

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

MONTHLY		FUND INFORMATION	
Performance:	3.00%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	11.23%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	18.38%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$1856	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
2013	-1.29%	2.13%	0.18%	0.55%	2.33%								3.92%
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). 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. Results to December 2012 have been audited by Ernst & Young Partnership.

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

MONTHLY Performance:	2.33%	FUND INFORMATION Share Class Denomination:	US\$
ROLLING 11 MONTH Performance:	7.24%	Investor Type:	Eligible Investor
SINCE INCEPTION Annualised Performance:	7.93%	Management Fee:	1.0% <i>The management fee increases to 1.5% from July 2013 and 2.0% from Jan 2014</i>
SINCE INCEPTION, JULY 2012 Cumulative Performance of US\$1000 invested:	US\$1072	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 Walker Fund Services
		Investment Manager:	KIS Capital

Strategies used this month

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

Portfolio Hedge – Australian Equity and Equity Warrants. Japanese Index Options. Australian Index Futures. OTC Options on A\$/US\$ FX. A\$/US\$ FX.

Convertible Bonds – Australian Listed Hybrid Securities. Convertible Bonds on HK Issuer.

Equity Arbitrage – Australian Equities.

Special Situations – Australian, Canadian, Hong Kong and Singaporean Equities. A\$/C\$ FX.

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

The FED threatened to taper its liquidity programs and as a result, financial markets went into risk off mode.

The hunt for 'carry' dissipated quickly as was evidenced in the weakness of 'carry' currencies. This was noticeable to us with the A\$ dropping 8% but it was not limited to Australia with the South African Rand falling 12%, the Brazilian Real falling 7%, and the Indian Rupee falling 5%. Emerging markets were shunned.

It was not just 'carry' currencies that saw aggressive selling and profit taking. The higher dividend stocks of Australia lost their following with the four major banks in Australia falling between 9-15% with dividend payments explaining 3-4% of the larger falls. High Yield bonds were sold with listed trackers being hit with redemptions and falling back to levels seen in November of last year.

The economic recovery in the US does not have sufficient momentum to allow the FED to dramatically remove the liquidity support it has been providing. Some economic indicators are picking up and the employment situation is improving but a collapse in financial asset values and the knock on effect on household balance sheets and confidence would lead to a reversal in the current trend. We see the need for another three or four months of good employment data before any tapering can begin.

We will not be sure for some years of the long term impact of some of Ben Bernanke's measures, such as quantitative easing. These measures certainly cushioned the US economy from a 'giant reset'. We feel that Mr. Bernanke is alerting market participants to the fact that liquidity will reduce at some point in the future, hoping to avoid a situation where many investors try to exit positions simultaneously creating significant downward pressure in asset values.

Long Short

This portfolio contributed 170bp of the funds returns.

This month 55% of our ideas were winning and our average winning idea produced a return 35% greater than the amount we lost on losing ideas. The combination of these factors defined our profit in the strategy this month.

Turning to specifics:

- We lost 16bp on a long position in Commonwealth Property Office Fund REIT (CPA.AX). During May there were some unusual movements in some Australian REITs. This seemed to be driven by significant flows as investors moved from indiscriminate buying in search of a yield, pushing some REITs well above NTA, followed by equally extreme selling which appeared to be driven by 'carry trade' unwinding. Across REIT names our net loss was 6bp.
- We lost 28bp on a long position in Ambassador Oil and Gas (AQO.AX). There was no news driving the fall of 28% on the month which was more a function of the relatively low liquidity in the name. We continue to see this as a good asset play ahead of consolidation in the Cooper Basin, but do not want to significantly increase the position given the share price volatility and liquidity of the stock.
- We had been running a short position on Toll Holdings (TOL.AX) on an expectation that a weaker economy in tandem with a significant slowdown in mining services, which TOL.AX has an exposure to, would lead to weakness in the share price. The stock fell significantly in the first few days of the month and we covered our position generating 21bp of return.
- A short view on Metcash (MTS.AX) produced 21bp. We have previously highlighted our concerns re the company's business model and their engagement in financing their customers. We entered a short position in the middle of the month and had covered half by month end.

- At the end of April we took a long position in Macquarie Group (MQG.AX) as it would be a beneficiary from weakening A\$ with greater than 50% of its revenue being outside of Australia. In addition we felt that analysts had not factored in the improving capital market conditions MQG.AX had experienced in the last quarter of their financial year to March 2013. MQG.AX announced results at the top end of analysts' expectations and a significant hike in dividend. MQG.AX's management guided to continuing improving global conditions and the stock rallied 11% as a result. We closed the position making 16bp.

Portfolio Hedge

As mentioned last month we had taken a bearish view on the A\$ vs. US\$ by buying currency options.

In tandem with our assessment of the weak state of the Australian economy, the comments and fears re the Federal Reserve tapering its quantitative easing program the A\$ experienced an 8% fall by month end. Our options P&L produced 31bp of performance to the fund this month whilst our trading of spot produced 75bp. We unwound all positions by month end feeling that the move had been significant given the time frame and that we had benefited as we expected from the position in a 'risk off' environment.

In combination with some index put options, which we owned as further protection, this portfolio contributed 120bp.

Equity Arbitrage and Convertible Bonds

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

Special Situations

This portfolio generated 17bp of this month's return.

The only significant contributor came from our participation in the HK IPO of China Galaxy Securities which contributed 11bp.

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 29bp.

Profit is allocated between the US\$ Series and the A\$ Series of the KIS Asia Long Short Cayman Fund based on the A\$ capital of the series at the start of the month, this is the required methodology under accounting standards. Additionally the US\$ value of the US\$ series is hedged at the start of the month. As a result profits generated on the month attributed to the US\$ series are subject currency appreciation and depreciation with their value contribution being crystalized at the foreign exchange rates at month end. These factors, which had not previously made a significant impact, lead to a reduction in the performance of the US\$ series by 34bp.

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