

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%								7.67%
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:	1.14%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	9.42%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	15.47%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$2259	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%								6.67%
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

MONTHLY Performance:	0.66%	FUND INFORMATION Share Class Denomination:	US\$
ROLLING 12 MONTH Performance:	6.07%	Investor Type:	Eligible Investor
SINCE INCEPTION Annualised Performance:	7.35%	Management Fee:	1.5%
SINCE INCEPTION, JULY 2012 Cumulative Performance of US\$1000 invested:	US\$1230	<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, 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, Chinese, Hong Kong 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

May was not a great month for most equity markets. We certainly saw some seasonal weakness and some of the ‘sell in May and go away’ mentality. China A-Shares however continued their sprint higher. Both in China and globally, we are starting to see volatility rising, particularly in global bond markets. We often see stresses in credit markets before it hits equity markets so we are watching for any contagion closely.

China continues to stun investors as the A-Share market continues to break records. Daily volume, new account openings, IPO application money, to name a few. Whilst there are some very lofty valuations in some of the GEM (Growth Enterprise Market) stocks, there are still areas of the China market where valuations are still relatively low including the Chinese banks. Concerns over margin lending are valid. The regulator has been monitoring closely and brokerages have also taken it upon themselves to reduce high margin exposures and stop the lending of companies that look expensive and volatile.

So can Chinese stocks continue to rise? Remembering our fund aims to have very low exposure to market direction so it is not of significant importance that we answer this question. However, there are a number of reasons we think China stocks can go higher yet. Some of the reasons are:

- SOE reform is just getting started
- There are still sectors that show good value
- MSCI inclusion should happen over the next 12 months
- There is ample room for more loosening of monetary policy
- Major policies like One Belt One Road and China 2025 which will focus on innovation
- and last but certainly not least, president Xi Jinping was quoted saying he thinks the Shanghai Composite can reach 10,000 (from around 5,000 now)

We will be in Shanghai this month and next and hopefully can provide some on the ground commentary on what we are seeing there.

Long Short

This portfolio generated the majority of this month's returns contributing 119bp.

As per last month, long positions produced the majority of contribution adding 130bp this month; short positions lost 17bp and trading/execution added 6bp.

On a geographic basis, HK & China and Australia were the strongest contributors generating 107bp and 70bp respectively. We suffered on our short index view on Indonesia which lost 27bp this month (having made 46bp last month). We continue to hold a bearish view on Indonesia, especially on a US\$ price basis which is how we have implemented our exposure. Other index hedges lost 26bp.

We had positive returns across all market caps: large-cap 33bp, mid-cap 39bp and small-cap 62bp. We lost 15bp using indices to hedge the long biases of +5% of AUM in mid-caps and +21% of AUM in small-caps. Across all market cap segments including index our average net bias over the month was +4% of AUM.

Looking at specific drivers we benefited from a takeover approach of Sirius Resources NL (SIR.AX) by Independence Group NL (IGO.AX) with our long position in SIR.AX contributing 60bp. The takeover was not exactly a surprise having featured repeatedly in the Australian media in the days before the official announcement was made. The market has aggressively marked down the value of IGO.AX for overpaying and due to the interaction of arbitrage relationships this has also marked down SIR.AX, we felt the move looked overdone and remain long of SIR.AX. We have a positive view of the management of SIR.AX and think that the market will undervalue the S2 stock which will be spun out of the combined SIR.AX & IGO.AX entity.

We lost 33bp on our long position in Actinogen Ltd (ACW.AX) having made 35bp on the name last month. We remain positive on ACW.AX's trial process of its Alzheimer's drugs and feel the weakness is a reflection of the market being slow to digest the stock placed last month. Positive news flow will overcome this.

Finally we made 32bp on Freelancer Ltd (FLN.AX). This company is achieving some excellent growth and the shrewd purchase of Escrow.com is beginning to be understood by investors and the analysts who cover the stock. We would really like to have had a larger exposure to this stock but our discipline with regard to the liquidity of our portfolio precludes this.

Portfolio Hedge and Special Situations

These portfolios did not make a significant contribution this month.

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.

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 lead to a decrease in the performance of the US\$ series by 25bp (vs a 50bp increase last month).

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