KIS CAPITAL PARTNERS

Asia Long Short Fund & Asia Long Short Cayman Fund US$ Series Monthly Report
November 2013

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
2013	-0.94%	2.20%	0.54%	0.83%	3.00%	0.36%	1.89%	1.03%	1.18%	1.44%	1.82%		14.13%
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 2013 have been audited by Ernst & Young Partnership.

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

MONTHLY
Performance: 1.82%

ROLLING 12 MONTHS
Performance: 15.46%

SINCE INCEPTION
Annualised Performance: 18.16%

SINCE INCEPTION, OCTOBER 2009
Cumulative Performance of A$1000 invested: A$2004

FUND INFORMATION

Fund Denomination:	A$
Investor Type:	Sophisticated/Wholesale
Management Fee:	1.5%
Performance Fee:	20%
	Fees are shown exclusive of GST
Performance Hurdle:	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)
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%	0.14%	1.59%	0.77%	1.03%	1.30%	1.49%		11.70%
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: 1.49%

ROLLING 12 MONTH
Performance: 11.70%

SINCE INCEPTION
Annualised Performance: 9.82%

SINCE INCEPTION, JULY 2012
Cumulative Performance of US$1000 invested: US$1142

FUND INFORMATION

Share Class Denomination:	US$
Investor Type:	Eligible Investor
Management Fee:	1.5%
The management fee increases to 2.0% from Jan 2014 for non-Foundation Class Investors	
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, Hong Kong, Malaysian, New Zealand and Singaporean Equities. Australian, Hong Kong, Indonesian and US Index Futures. Australian and Hong Kong Equity Options. Australian Index Options.

Equity Arbitrage – Australian Listed Hybrid Securities and Equities.

Portfolio Hedge – Australian Equity Warrants. Japanese Index Options.

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

Special Situations – Australian, Canadian, Hong Kong and New Zealand 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

A piece of research on the Australian superannuation [super] industry caught our attention this month. Compulsory contributions are set to rise 0.25% till 2015 and then 0.5% to 2020, currently they are 9% and this will grow to 12% by 2020. Presently these monies have been chasing high dividend paying listed Australian business to benefit from the franking but as the contribution rate increases and the pool of super capital grows, these assets will pass a fair value point. This seems to be a certainty if super capital chases a relatively tightly defined group of stock as the increase in contribution and compounding is likely to have the size of the super pool double over the same period.

There seems to be a growing perception that the A$ is not set to return to parity vs. the US$ and owning offshore assets with A$ may benefit from a weakening trend. So far this year EUR assets bought at the start of the year using A$ are 15% higher than if funded in EUR and US$ assets are 12% higher in A$ terms than US$ (these both being the amounts the A$ has depreciated this year to the 29th Nov). This view is easier to tolerate when the interest rate differential between currencies is lower and the 'carry' become less valuable. This is definitely the case as the US$ bond market weakens ahead of quantative tapering fears and yields increase.

On the subject of currency, the first week of December has seen a few bulge bracket investment houses publishing research on Bitcoins. The conclusions vary from: (i) Bitcoins may achieve true currency status being a medium of exchange and store of value to (ii) it is a bubble waiting to burst and you may as well have bought tulips in Amsterdam in 1637.

One graph was particularly informative being the correlation of the % of Bitcoin vs. Chinese Renminbi exchanges and the strength of the Bitcoin (more Chinese exchanges = higher Bitcoin values). On the 5th December, the People's Bank of China and four other government ministries banned financial and payment institutions from using Bitcoins. The value of Bitcoins fell by 28%.

Earlier in the day Alan Greenspan called Bitcoins a bubble. This did not seem to illicit much of a reaction. I am not sure if Mr Greenspan is the best person to 'call' bubbles with his "irrational exuberance" quote being four years before the NASDAQ peak and having presided over the US housing bubble and mortgage backed bond/structuration fiasco.

With price volatility in the 'hundreds' or higher, vs. a typical FIAT currency which has an annualized volatility around 10%, Bitcoins are not currently a currency. They are not a reasonable medium of exchange or store of value.

A little less than twenty years ago when I was first shown 'the internet', I did not perceive that it would become a wide spread method of communication and driver of commerce. That has not stopped me from embracing the change it has offered and this will be the case for Bitcoins if they become wider spread or their peer to peer exchange nature shifts how we live and do business (but my super will not be investing in them, nor was my super invested in Yahoo or Pets.com!).

Long Short

This month the long short portfolio contributed 64bp.

In Hong Kong we took a variety of relatively small positions expected to benefit from policy announcements following China's third Plenum. To offset these we were short equity indices we felt were vulnerable to a selloff in the event of the FED signaling a tapering of monetary conditions as we see this as a threat to HK listed stocks. This contributed 30bp of the total gains.

We also exited our long held position in Ambassador Oil and Gas Ltd (AQO.AX) for a profit of 27bp on the month.

Equity Arbitrage, Portfolio Hedge and Convertible Bonds

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

Special Situations

This portfolio contributed the majority of the returns this month with a profit of 108bp.

The main driver of this return was our participation in the IPO of Freelancer (FLN.AX) which contributed 75bp. FLN.AX reached a high of +420% from its IPO price closing +220% on listing date. The stock drifted lower over the month but still closed the month at +160% from its IPO price. We remain invested in the name and have moved the holding to the L/S portfolio.

Also within the tech space, we took a placement in VMob Group (VML.NZ). This added 17bp to returns.

We discussed VML.NZ in the October monthly newsletter as a holding in our Long Short portfolio and still hold the position.

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 25bp.

This month there was a small impact from the allocation of profit and loss between currency series based on opening AUM vs. closing AUM levels (which differ over the month as a function of movements in the FX rate). This increased the difference between the US$ Series and the AUT by 8bp.

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

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

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