

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%			12.09%
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		FUND INFORMATION	
Performance:	1.44%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	13.25%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	18.04%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$1968	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%			9.03%
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		FUND INFORMATION	
Performance:	1.30%	Share Class Denomination:	US\$
ROLLING 12 MONTH		Investor Type:	Eligible Investor
Performance:	9.43%	Management Fee:	1.5%
SINCE INCEPTION		<i>The management fee increases to 2.0% from Jan 2014 for non-Foundation Class Investors</i>	
Annualised Performance:	9.25%	Performance Fee:	20%
SINCE INCEPTION, JULY 2012		Performance Hurdle:	None
Cumulative Performance of US\$1000 invested:	US\$1125	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 and US Index Futures. Australian Index and Equity Options.

Equity Arbitrage – Australian Listed Hybrid Securities and Equities.

Portfolio Hedge – Australian Equity Warrants. Japanese Index Options. A\$ vs US\$ Foreign exchange.

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

Special Situations – Australian, Canadian and Hong Kong Equities. Exchangeable Bond on Malaysian Issuer.

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 KIS Asia Long Short Fund is now four years old. Investors who have been with us since inception are approaching a point where their initial investment has been doubled. Although we are pleased with this, we are more especially pleased with the way in which this has occurred. Over this four year period the largest peak to trough draw down has only been 3%, the longest drawdown has been four months.

With the launch of the KIS Asia Long Short Cayman Fund and the asset growth that has occurred KIS Capital is now investment manager to in excess of A\$50m in funds.

We would like to say thank you to all of our investors and service providers who have made this possible.

Turning to economic observations and markets in general: we are being asked more frequently if we see equity markets expensive after the rallies that have occurred this year?

Generally we try to remain directionally agnostic; we look to have a medium term view to the risk of market move, be it up or down; but the main driver of the funds' returns is our ability to anticipate or react to stock specific catalysts.

That said, one has to place these catalysts against a broader picture. Given many equity markets are trading towards the top of their value measures, such as P/E bands, the obvious answer would be 'yes equity markets are looking expensive'.

However these value measures we are benchmarking against go back many years or decades, the monetary and fiscal conditions we are in are quite unique to the past 5 years: zero interest policy and quantitative easing are a recent condition.

So really the answer is 'equity valuations are in a specific environment created by zero interest and quantitative easing, one cannot easily say they are cheap or expensive ... but if rates start to rise and quantitative easing is removed without sustainable and visible earnings growth then equities are expensive and watch out below!'

Long Short

This month the long short portfolio contributed 81bp.

The largest winner was VMOB Group (VML.NZ) which produced 29bp. We have spent considerable time talking to the management of this company and understanding the business proposition they offer their customers. The intersection of mobile technology, geo location and more accurate proximity detection such as i-beacon, payment systems and the direct, tailored marketing channel that can be created will be transformational for many businesses. VML.NZ understands this and the 'big data' that is created; more importantly they know how to work with global players to make this transformation happen to the benefit of the consumer and vendor. Big brother is not the government watching you, unless you happen to be the German chancellor; instead your consumption patterns and desires are being monitored real time, a channel of communication opened between you and the retailer/service provider and your shopping experience enhanced.

The rest of the portfolio's gains were broadly spread. This month our success ratio was slightly less than 50%, which is always disappointing, one would always hope to be right more than half the time. A desire to be right is a reflection of ego and a more important driver of success in portfolio management is 'how right you were vs. how wrong you were'. Our average gain was 80% greater than our average loss and this allowed us to move the portfolio forward.

Equity Arbitrage, Portfolio Hedge and Convertible Bonds

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

Special Situations

This portfolio contributed 42bp this month. The return was evenly split between participation in M&A situations and participation in capital market activity such as placements and IPOs.

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 27bp.

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 reduced the difference between the US\$ Series and the AUT by 13bp.

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