

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%				10.50%
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:	1.18%	Fund Denomination:	A\$
ROLLING 12 MONTHS		Investor Type:	Sophisticated/Wholesale
Performance:	13.20%	Management Fee:	1.5%
SINCE INCEPTION		Performance Fee:	20%
Annualised Performance:	18.03%	<i>Fees are shown exclusive of GST</i>	
SINCE INCEPTION, OCTOBER 2009		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$1941	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%				7.63%
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:	1.03%	Share Class Denomination:	US\$
ROLLING 12 MONTH		Investor Type:	Eligible Investor
Performance:	9.15%	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:	8.77%	Performance Fee:	20%
SINCE INCEPTION, JULY 2012		Performance Hurdle:	None
Cumulative Performance of US\$1000 invested:	US\$1111	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 – Singaporean Equity and Equity Warrants.

Portfolio Hedge – Australian Equity Warrants. Australian and Japanese Index Options.

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

Special Situations – Australian, Canadian and Hong Kong Equities. Convertible Bond on Japanese 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

We are a little late to press this month and there has been significant commentary in relation to the US debt ceiling debacle which has been the key macro-economic topic for the past six weeks.

We maintain that the US needs to address its budget deficit issues and gain control of entitlement spending. What is more concerning is that minority interests can create such a dead lock.

The US government, administrative and legislative systems needs to take a long hard look in the mirror. Little seems to have changed since 1981 when William Proxmire filibustered for 16 hours to stall a debate authorizing an increase in the debt ceiling to US\$ 1 trillion. In 2013 the debt ceiling stood at US\$17 trillion: 32 years and 17 times the size; an annualized growth of 10%, much higher than the growth in GDP over the period.

And still, one of the methods to resolve the issue is considered to be to talk so long that no agreement can be reached, as Ted Cruz did this September reading Green Eggs and Ham etc.

As an American who deserves respect for his imagination, innovation and contribution to science once said “Insanity: doing the same thing over and over again and expecting a different result”.

Long Short

This portfolio contributed 86bp to the AUT and 97bp this month to the US\$ Series.

This month there were very few single name contributors to this portfolio’s return. 55% of the trade ideas we expressed during the month were winning, but the main driver of this month’s success was that our average winning idea generated 52% more in profit than we lost on our average losing idea.

On a specific name basis:

In Macquarie Group (MQG.AX) we started the month with a long position and initially built on this as we expected an increase in M&A and corporate activity in the certainty that follows a clear election result. We flattened our position in the third week of the month having made 20bp on the name.

We were also long of HK listed Goldpoly New Energy Holdings Ltd (0686.HK) at the start of the month on continued expectation of positive news and developments from China in relation to anti-pollution policies. 0686.HK rallied 11% on the last day of the month following on from positive news in relation to the issue of a convertible bond, we took profit on one third of our position and this contributed 17bp to the portfolio.

Equity Arbitrage, Portfolio Hedge and Convertible Bonds

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

In the Equity Arbitrage portfolio we were recalled on our stock borrow in LionGold Corp Ltd (LION.SI) which forced us to close our long warrant vs. short stock position. This prevented us from benefitting in the collapse of the share price of LION.SI that occurred in October.

Special Situations

This portfolio contributed 21bp this month. No single underlying generated a significant impact.

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 12bp.

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