

Rima Senvest Management LLC

February 1, 2012

This *brochure* provides information about the qualifications and business practices of Rima Senvest Management LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this *brochure*, please contact us at 1-212-977-2466 *and/or email address for Adviser at georgem@senvest.com*. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any *state securities authority*.

Additional information about Rima Senvest Management LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any *state securities authority* does not imply a certain level of skill or training.

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Item 4. Advisory Business

A. General Description of Advisory Firm. The Adviser is an investment adviser with its principal place of business in New York, NY. The Adviser commenced operations as an investment adviser on April 1, 1997 and intends to register with the SEC as of March 30, 2012. Richard Mashaal owns 100% of the Adviser. The Adviser has obtained the services of a sub-adviser, Senvest Fund Management Inc. The sub-adviser 100% by Senvest International LLC, a registered broker dealer with FINRA. Senvest International LLC is 100% owned by Senvest Capital Inc, a Canadian public company that trades on the Toronto stock exchange. Victor Mashaal is the only 25% or more shareholder in Senvest Capital Inc. Senvest Fund Management Inc and Senvest International LLC have their principle place of business in New York, NY. Senvest Capital Inc. is based in Montreal, Quebec. Senvest Fund Management Inc and Senvest Capital Inc are relying advisers to Rima Senvest Management LLC who is the investment Adviser. The investment Adviser and its relying advisers are together filing a single form ADV as they are conducting a single advisory business.

B. Description of Advisory Services (including any specializations) The Adviser provides *investment supervisory services* on a *discretionary basis* to its *clients*, which include individuals and institutions with separately managed accounts, registered investment companies and pooled investment vehicles intended for, sophisticated investors and institutional investors

C. Availability of Tailored Services for Individual Clients. The Adviser provides advice to *client* accounts based on specific investment objectives and strategies. Under certain circumstances, the Adviser may agree to tailor advisory services to the individual needs of *clients*. Currently, the Adviser has not tailored its advisory services to any individual client.

Clients may impose restrictions on investing in certain securities or certain types of securities.

D. Wrap Fee Programs The Adviser does not participate in wrap-free

E. Client Assets Under Management. As of December 31 2011, the Adviser had approximately \$301 million *client* assets under management. As of that date, the Adviser managed \$301 million on a *discretionary basis* and \$0 on a *non-discretionary basis*.

Item 5. Fees and Compensation

A. Advisory Fees and Compensation.

Asset-Based Compensation

The Adviser charges each *client* an investment management fee based on the value of the *client's* assets under management, at an annual rate of 1.5%.

Investment management fees are charged each month in arrears based on the total market value of the assets in the *client* account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the last day of the month. If a *client's* investment management agreement is terminated or a withdrawal is made from a *client* account it is made at the end of a month

These fees are not negotiable.

Performance-Based Compensation

The Adviser may also be paid a *performance-based fee*, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle). This compensation may be paid to the Adviser or to a *related person* of the Adviser is 20%.

These fees are not negotiable.

B. Payment of Fees. The Adviser deducts the investment management fee from *client* accounts by instructing the *client's* custodian. The Adviser deducts *client* accounts for investment management fees monthly.

C. Other Fees and Expenses. In addition to paying investment management fees and *performance-based fees*, *client* accounts will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees (including, investment advisory and other fees charged by investment advisers with, or funds in, which the *client's* account invests) associated with products or services that may be necessary or incidental to such investments or accounts. *Client* assets are invested in pooled investment vehicles. In these cases, *clients* will bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: sales expenses, legal expenses; internal and external accounting, audit and tax preparation expenses; and organizational expenses. *Client* assets are invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund. In addition, *clients* will incur brokerage and other transaction costs. Please refer to the relevant Item of this Firm *Brochure* for a discussion of the Adviser's brokerage practices.

Item 6. *Performance-Based Fees and Side-by-Side Management*

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple *clients*. The Adviser is entitled to be paid performance-based compensation by its private pooled investment vehicle *clients* and certain other *client* accounts. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. The Adviser and its investment personnel, including investment personnel that share in performance-based compensation, may manage both *client* accounts that are charged performance-based compensation and accounts that are *non-performance-based fees*. In addition, certain *client* accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When the Adviser and its investment personnel manage more than one *client* account a potential exists for one *client* account to be favored over another *client* account. The Adviser and its investment personnel have a greater incentive to favor *client* accounts that pay the Adviser (and indirectly the portfolio manager) performance-based compensation or higher fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on relative asset size. In addition, to the extent orders are aggregated, the *client* orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

Item 7. Types of *Clients*

The Adviser's *clients* currently consists of pooled investment vehicles but there is no restriction on it consisting of individuals, banks and thrift institutions, investment companies, private funds, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

The Adviser does not have any requirements for opening or maintaining an account, requires that a *client* invests a minimum (except as stated in the offering memorandum of each pooled investment vehicle) to open an account. If the account size falls below the minimum requirement due to market fluctuations only, a *client* will not be required to invest additional funds with the Adviser to meet the minimum account size.

With respect to any *client* that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies. The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research, charting analysis, cyclical analysis as well as use of quantitative tools and investment approaches, or technical analytical tools and approaches.

The Adviser employs the following investment strategies:

Buy and Sell. The Adviser can engage in a buy and hold investment strategy wherein the Adviser buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price. At the same time the Adviser can engage in significant trading activity of its securities so that the portfolio is being constantly churned.

Equity. The Adviser's equity strategy focuses on a broad range of equity investment styles, including growth, core, and value. Some *client* accounts could focus on specific ranges on the capitalization scale, from micro-cap, through small-cap, mid-cap and large-cap, to mega-cap. Other *client* accounts could focus on investment opportunities in more than one capitalization category or across all capitalization levels. In addition, the Adviser can manage *client* accounts that are global, multi-national, or focused on particular geographic regions or specific countries.

Fundamental Value. The Adviser engages in a fundamental value investment strategy wherein the Adviser attempts to invest in securities the Adviser believes are undervalued by the market.

Growth. The Adviser engages in a growth investment strategy wherein the Adviser attempts to select securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or the overall market.

Hedging. The Adviser utilizes a variety of financial instruments such as, options, for risk management purposes.]

Leverage. The Adviser's investment program utilizes a significant amount of leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

Option Trading. The Adviser engages in various option trading investment strategies. Options are investments whose ultimate value is determined from the value of the underlying investment. The Adviser engages in the buying and selling of calls and puts for both speculative and hedging purposes.

Relative Value. The Adviser pursues relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued.

Short Selling. The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility and, (iii) for profit.

Short-Term Market Timing. The Adviser engages in a short-term market timing investment strategy wherein the Adviser attempts to anticipate the market price of a stock before the stock's price reacts to

market forces by analyzing macroeconomic and market trends, and then sells the stock shortly after the stock's price is influenced by market movements.

These methods, strategies and investments involve risk of loss to *clients* and *clients* must be prepared to bear the loss of their entire contribution or investment.

B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies.

Distressed Situation Risk. Investment in distressed situations exposes the *client* to significant risks, including: the difficulty in obtaining information as to the issuer's true condition; regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; liquidity risk; and collection risk (especially, when dealing with sovereign debt). Moreover, to the extent *client* accounts are invested in sovereign debt obligations, those investments will be subject to additional risks and considerations not present in private distressed situations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which are affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Adviser.

Hedging. There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

Interest Rate Risks. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is generally greater for long-term securities than for short-term securities.

Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

Lack of Diversification. *Client* accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, *client* portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

Leverage. Performance may be more volatile if a *client's* account employs leverage.

Relative Value Risk. In the event that the perceived mispricings underlying the Adviser's relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, *client* accounts may incur a loss.

Short Selling Risk. The Adviser's investment program includes a significant amount of short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities

previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

If the Adviser engages in frequent trading this will result in significantly higher commissions and charges to *client* accounts due to increased brokerage, which will offset *client* profits.

C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks).

Asset-Backed Securities. Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. In addition, asset-backed securities experience credit risk. There is also the possibility that recoveries on repossessed collateral may not be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

Derivatives. Certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the *client* or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the *client's* account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Distressed Securities. Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

Emerging Markets. The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Fixed-Income and Debt Securities. Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a *client's* portfolios to the risk that the value of these securities

overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Illiquid Instruments. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

Mortgage-Backed Securities. Mortgage-backed securities are subject to credit risk associated with the performance of the underlying mortgage properties. Factors such as consumer spending habits, local economic and competitive conditions, tenant occupancy rates and regulatory or zoning restrictions, or the loss of a major tenant may adversely affect the economic viability of a mortgaged property. In addition, these securities are subject to prepayment risk. Some securities have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

REITs. REITs in which the Adviser invests *client* accounts are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Adviser invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITs depend generally on their ability to generate cash flow to make distributions to investors.

Security Futures and Options. In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the *client's* account. In addition, the Adviser's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

Item 9. Disciplinary Information

This Item is inapplicable.

A. Criminal or Civil Actions.

This Item is inapplicable.

B. Administrative Proceedings Before Regulatory Authorities.

This Item is inapplicable.

C. Self-Regulatory Organization (SRO) Proceedings.

This Item is inapplicable.

Item 10. Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status. The Adviser is not registered as a broker-dealer or a registered representative of a broker-dealer. Senvest Fund Management Inc, a relying adviser to the Adviser, is a wholly owned subsidiary of Senvest international LLC, a registered broker dealer. Senvest Capital Inc, a second relying adviser of the Adviser is the parent company of Senvest International LLC. Certain of the Adviser's *management persons* are registered representatives of Senvest International LLC, a broker-dealer.

B. Material Relationships or Arrangements with Industry Participants.

1. Broker-Dealer, Municipal Securities Dealer or Government Securities Dealer or Broker

Employees of the Adviser are registered and non-registered representatives of Senvest International LLC, a broker dealer. Senvest International LLC does not have any clients, it engages proprietary trading for its own account. These employees are compensated by the broker dealer. This arrangement can represents a conflict of interest because it could provide an economic incentive for the portfolio managers to make stock decisions more favorably to the broker dealer than the Adviser . This conflict of interest is disclosed to clients. The Adviser has adopted procedures in its trading activities to address this potential conflict. In addition there are certain factors that tend to mitigate the conflict:

i--the parent company of the broker dealer, Senvest Capital, is the biggest investor in the pooled investment vehicles managed by the Adviser.

ii-- the parent company of the broker dealer, Senvest Capital inc, is a relying adviser to the Adviser and as such receives fees from the Adviser

iii—a subsidiary of the broker dealer, Senvest Fund Management inc, is a relying adviser to the Adviser and as such receives fees from the Adviser

iv—the Adviser is a significant investor in the pooled investment vehicles managed by the Adviser

2. Other Investment Advisers

In the management of its two main pooled investment vehicles (Senvest Partners and Senvest Israel Partners) the Adviser has obtained the services of two relying advisers, Senvest Fund Management Inc. and Senvest Capital Inc. Senvest Fund Management inc. is 100% owned by Senvest International LLC, a registered broker dealer with FINRA. Senvest International LLC is 100% owned by Senvest Capital Inc, a Canadian public company that trades on the Toronto stock exchange. Senvest Fund Management Inc and Senvest International LLC have their principle place of business in New York, NY. Senvest Capital Inc. is based in Montreal,Quebec. Senvest Fund Management Inc and Senvest Capital Inc are relying advisers to Rima Senvest Management LLC who is the Adviser. The Adviser and its relying advisers are together filing a single form ADV as they are conducting a single advisory business. Certain employees of the Adviser are also employees of the relying advisers.

Item 11. Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

A. Code of Ethics. The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser to put the interests of the Adviser’s *clients* before its own interests and to act honestly and fairly in all respects in their dealings with *clients*. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. *Clients* or prospective *clients* may obtain a copy of the Code by contacting George Malikotsis (Chief Compliance Officer) by email at georgem@senvest.com, or by telephone at 514-281-8082. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by *related persons*.

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its *related persons* have invested or seek to invest on behalf of *clients*. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other *person*, regardless of whether such other *person* is a *client*. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to *persons* who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to *clients* and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the *client* or using such information for the *client’s* benefit. In such circumstances, the Adviser will have no responsibility or liability to the *client* for not disclosing such information to the *client* (or the fact that the Adviser possesses such information), or not using such information for the *client’s* benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

B. Investing in Securities Recommended to Clients. In addition, the Adviser invests in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser recommends to *clients*. Such practices present a conflict where, because of the information an Adviser has, the Adviser or its *related person* are in a position to trade in a manner that could adversely affect *clients* (e.g., place their own trades before or after *client* trades are executed in order to benefit from any price movements due to the *clients’* trades). In addition to affecting the Adviser’s objectivity, these practices by the Adviser or its *related persons* may also harm *clients* by adversely affecting the price at which the *clients’* trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: The Adviser requires its employees to preclear all transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its *clients*. All of the Adviser’s employees are required to disclose their securities transactions and holdings on a quarterly basis. Trading in *employee* accounts will be reviewed by the Chief Compliance Officer.

To the extent that the Adviser or any of their *employees* own securities that the Adviser or its *related person* also recommends to *clients*, such *clients’* proxies will be voted according to predetermined guidelines rather than subject to the Adviser’s discretion.

C. Conflicts of Interest Created by Contemporaneous Trading. The Adviser or its employees from time to time recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that the Adviser or its employees buys or sells the same securities for its own account in accordance with the procedures described above in order to minimize the conflicts stemming from situations where the contemporaneous trading results in an economic benefit for the Adviser or its

employees to the detriment of the *client*. In addition, the Adviser has adopted the aggregation policies and procedures discussed in Item 12.

Item 12. Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions. The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include [net price, reputation, financial strength and stability, efficiency of execution and error resolution, offering to the Adviser on-line access to computerized data regarding a *client's* accounts]. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a *client* may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Chief Compliance Officer and traders meet annually to evaluate the broker-dealers used by the Adviser to execute *client* trades using the foregoing factors.

1. Research and Other Soft Dollar Benefits. The Adviser, receives research or other products or services other than execution from a broker-dealer *and/or* a third party in connection with *client* securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, [research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services]. Brokerage services within Section 28(e) may include, but are not limited to, [services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations].

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer, traders and portfolio managers meet annually to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of *client* commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

The Adviser may cause *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for *clients*.

In determining whether to direct *client* brokerage transactions to particular broker-dealers, the Adviser's Chief Compliance Officer, traders and portfolio managers meet annually to review and evaluate the soft dollar practices of the Adviser and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

The Adviser may participate in "*client* commission arrangements" pursuant to which the Adviser may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and other products to the Adviser. The Adviser excludes from use under these arrangements those products and services that are not eligible under Section 28(e) and applicable regulatory interpretations.

In some instances, the Adviser obtains a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by *client* transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. The determination of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and *clients*.

Investment transactions for *clients* and the use of commissions by the Adviser from them may be outside the safe harbor provided by Section 28(e) and applicable regulatory interpretations for one or more of the following reasons: the type of investment, the market mechanism or the market intermediary compensation involved in the transaction or the types of services obtained with the commissions paid for the transaction. Even when investment transactions for *clients* are outside the Section 28(e) safe harbor, the commissions paid will be used for the acquisition of Section 28(e) types of research and brokerage.

2. Brokerage for Client Referrals. In selecting or recommending broker-dealers, the Adviser may consider whether the Adviser or a *related person* receives *client* referrals from a broker-dealer or third party. The Adviser may have an incentive to select or recommend a broker-dealer based on its interests to receive *client* referrals rather than on the *client's* interests to receive most favorable execution. To address this conflict of interest, the Adviser will execute *client* trades through broker-dealers that refer *clients* to the Adviser only if it is determined by the Chief Compliance Officer of the Adviser that *client* trades with such broker-dealers are otherwise consistent with seeking best execution.]

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend these private funds as an investment to *clients*. The Adviser may place *client* portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

3. Directed Brokerage. Under certain circumstances, the Adviser may ask *clients* to direct the Adviser to execute the *client's* trades with a specified broker-dealer. When a *client* directs the Adviser to use a specified broker-dealer to execute all or a portion of the *client's* securities transactions, the Adviser treats the *client* direction as a decision by the *client* to retain, to the extent of the direction, the discretion the Adviser would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the *client's* account. Although the Adviser attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case the Adviser will continue to comply with the *client's* instructions. Transactions in the

same security for accounts that have directed the use of the same broker will be aggregated. When the directed broker-dealer is unable to execute a trade, the Adviser will select broker-dealers other than the directed broker-dealer to effect *client* securities transactions. A *client* who directs the Adviser to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the *client*. Such costs may include higher brokerage commissions (because the Adviser may not be able to aggregate orders to reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the *client's* portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a *client* to direct the Adviser to execute the *client's* trades through a specified broker-dealer, the Adviser will make no attempt to negotiate commissions on behalf of the *client* and, as a result, in some transactions such *clients* may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as number of shares, round and odd lots and the market for the security. The commissions charged to *clients* that direct the Adviser to execute the *client's* trades through a specified broker-dealer may in some transactions be materially different than those of *clients* who do not direct the execution of their trades. *Client's* that direct the Adviser to execute the *client's* trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other *clients* of the Adviser. [Not all advisers require *clients* to direct the Adviser to execute *client* trades with a specific broker-dealer.]

When a *client* directs the Adviser to use a *broker-dealer*, which is affiliated with the Adviser, to effect transactions for the client, a conflict of interest arises because the Adviser has an incentive to place *client* trades with its affiliated broker-dealer instead of unaffiliated broker-dealers because the Adviser's organization earns commissions on such trades. By directing the Adviser to use a particular broker-dealer the Adviser's affiliated broker-dealer to effect transactions, a *client* may incur additional costs. Such costs may include higher brokerage and commission rates, less favorable execution of transactions, and the potential of exclusion from the *client's* portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions.

B. Order Aggregation

The Adviser often purchases or sells the same security for many *clients* contemporaneously and at or near the same time and using the same executing broker. It is the Adviser's practice, where possible, to aggregate *client* orders for the purchase or sale of the same security submitted contemporaneously and at or near the same time for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for *clients* a more favorable price or a better commission rate based upon the volume of a particular transaction. However, in cases where the *client* has negotiated the commission rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the *client* will be precluded from receiving the benefit of any possible commission discounts that might otherwise be available as a result of the aggregated trade. In cases where trading or investment restrictions are placed on a *client's* account, the Adviser may be precluded from aggregating that *client's* transaction with others. In such a case, the *client* may pay a higher commission rate and/or receive less favorable prices than *clients* who are able to participate in an aggregated order. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. The pro rata calculation will be affected by the relative size of the accounts. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations (or in other cases as discussed in Item 16). If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to *clients*. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all

participating *clients*. In addition there may be a desire to employ more or less leverage for one or more of the clients so this may also affect trade allocation

The Adviser or its *related persons* may also participate in an aggregated order.

Sometimes the Adviser places *client* trades on an individual basis and does not attempt to group orders for multiple *clients* for the same security and type of trade in a single, combined order. (This is discussed in Item 16). Because in these situations the Adviser does not engage in the practice of aggregating *client* orders, *clients* may not receive the potential benefits of aggregation, such as lower commission rates and uniform pricing. As a result, the *client* may pay a higher commission rate and receive less favorable prices than if the Adviser aggregated *client* orders.

Item 13. Review of Accounts

A. Frequency and Nature of Review. Each *client account* is reviewed by portfolio manager of the Adviser, on a quarterly basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each *client* account.

B. Factors Prompting a Non-Periodic Review of Accounts. Significant market events affecting the prices of one or more securities in *client* accounts, changes in the investment objectives or guidelines of a particular *client* or specific arrangements with particular *clients* may trigger reviews of *client* accounts on other than a periodic basis.

C. Content and Frequency of Regular Account Reports. Each client that is a separate account will receive monthly from the Adviser. Such reports may be delivered electronically to the client in accordance with the client's agreement with the Adviser.

A *client's* investors receive reports from the *client* pursuant to the terms of each *client's* offering memoranda or as otherwise described in the offering document of the *client*.

Item 14. *Client Referrals and Other Compensation*

A. Economic Benefits Received from Non-Clients for Providing Services to Clients.

The Adviser receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its *clients*. Please see Item 12 for further information on the Adviser’s “soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

B. Compensation to Non-Supervised Persons for Client Referrals. The Adviser makes cash payments to third-party solicitors for *client* referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with the Adviser pursuant to which the solicitor will provide each prospective *client* with a copy of the Adviser’s Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Adviser and any fees to be paid to the solicitor. Where applicable, cash payments for *client* solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

Item 15. Custody

Clients will receive account statements from a bank or other qualified custodian and *clients* should carefully review those statements.

The Adviser also sends information directly to *clients* in addition to what is sent by the qualified custodian. *Clients* should compare any statements they receive from the custodian with information received from the Adviser.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a *discretionary basis* to *clients*. Please see Item 4 for a description of any limitations *clients* may place on the Adviser's *discretionary authority*.

Prior to assuming any discretion in managing a *client's* assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary *client*, the Adviser has the authority to determine (i) the securities to be purchased and sold for the *client* account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the *client* account. Because of the differences in *client* investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among *clients* in invested positions and securities held. The Adviser or the Adviser's portfolio managers submit an allocation statement to the Adviser's trading desk describing the allocation of securities to (or from) *client* accounts. The Adviser or portfolio managers may consider the following factors, among others, in allocating securities among *clients*: (i) *client* investment objectives and strategies; (ii) *client* risk profiles; (iii) tax status and restrictions placed on a *client's* portfolio by the *client* or by applicable law; (iv) size of the *client* account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible *client* accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser or a portfolio manager to allocate securities to *client* accounts in varying amounts. Even *client* accounts that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type divided by the total assets of all accounts eligible to invest in the particular investment.

Allocations will be made among *client* accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a *client's* investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a *client's* status as a "restricted person" under applicable regulations.

Securities acquired by the Adviser for its *clients* through initial public offerings (IPOs) and secondary offerings will be allocated pursuant to the procedures set forth in the Adviser's allocation policy. The policy provides that: (i) if the Adviser receives a full allocation of securities in an IPO, the securities will be allocated by the head trader to eligible/participating *client* accounts in accordance with the proposed allocations provided to the head trader by the Adviser or each portfolio manager, or (ii) if the Adviser receives less than a full allocation of securities in an IPO, the securities will be allocated by the [head trader] to eligible/participating *client* accounts based upon the assets or account size of each participating account. The Adviser[or each portfolio manager] will determine the proposed allocations of IPO securities after considering the factors described above with respect to general allocations of securities. Only those *client* accounts that have established their eligibility to participate in IPOs with the Adviser can participate in IPO allocations

Securities acquired by the Adviser for its *clients* through a limited offering will be allocated pursuant to the procedures set forth in the Adviser's allocation policy. The policy provides that the Adviser or each portfolio manager will determine the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and determining those *client*

accounts eligible to hold such securities. Eligibility will be based on the legal status of the *clients* and the *client's* investment objectives and strategies.

The Adviser may effect cross transactions between discretionary *client* accounts, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two *clients* for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between *client* accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless *client* consent has been obtained based upon written disclosure to the *client* of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA. Cross transactions involving a registered investment company for which the Adviser serves as adviser are permitted only in accordance with the company's rule 17a-7 procedures.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that *clients* are treated fairly. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a *client* account incurs a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that the *client* incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the *client* account.

Item 17. Voting *Client* Securities

A. Policies and Procedures Relating to Authority to Vote *Client* Securities. To the extent the Adviser has been delegated proxy voting authority on behalf of its *clients*, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to *client* securities, such proxies are voted in the best interests of its *clients*

In voting proxies, if the Adviser utilizes the services of a third-party proxy agent that votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in or reclassification in common stock and votes against proposals that make it more difficult to replace members of a board of directors.

Generally the Adviser's *clients* are not permitted to direct their votes in a particular solicitation.

If the Adviser's *clients* are permitted to direct their votes in a particular solicitation (in a managed account situation), a *client* that wishes to direct its vote in a particular solicitation shall give reasonable prior written notice to the Adviser or third-party proxy agent indicating such intention and provide written instructions directing the Adviser's or third-party proxy agent's vote in regard to the particular solicitation. Where such prior written notice is received, the Adviser or third-party proxy agent will vote proxies in accordance with such written instructions received from a *client*, provided that such instructions are provided to the Adviser or third-party proxy agent in a timely manner.

If a material conflict of interest between the Adviser and a *client* exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the *client* or take some other appropriate action. The Adviser does not make any qualitative judgment regarding its *client*'s investments.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a *client*'s proxies by contacting George Malikotsis (Chief Compliance Officer) by email at georgem@senvest.com or by telephone at 514-281-8082

Item 18. Financial Information

This Item is not applicable.

A. Balance Sheet

This Item is not applicable.

B. Financial Conditions and Impairment of Contractual Commitments to Clients.

This Item is not applicable.

C. Bankruptcy Filings.

This Item is not applicable.

Item 19. Requirements for State-Registered Advisers

This Item is not applicable.

Appendix: Item 2. Material Changes

