

Kerrisdale Advisers, LLC

Kerrisdale Capital Management, LLC
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This Brochure provides information about the qualifications and business practices of Kerrisdale Advisers, LLC. If you have any questions about the contents of this Brochure, please contact Edward Gu, Chief Compliance Officer (“CCO”), at (212) 584-8937 or by email at egu@kerrisdalecap.com. Additional information about Kerrisdale Advisers LLC is also available on the SEC’s website at www.adviserinfo.sec.gov. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Registration of an investment adviser does not imply that Kerrisdale Advisers, LLC or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Item 2: Material Changes

This August 10, 2012 update to our brochure includes information on the following material changes to our policies and practices since our brochure dated February 14, 2012:

- As described under “Item 12: Brokerage Practices – Directed Brokerage,” Separate Account clients may instruct us to direct transactions for their accounts through a specified broker.

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Item 4: Advisory Business

Kerrisdale Advisers, LLC (“**Kerrisdale**”, the “**Adviser**”, “**we**”, or the “**Firm**”) is an investment adviser with its principal place of business in New York, NY. Kerrisdale commenced operations as an investment adviser in April 2009. The Firm provides investment management services to the following privately pooled investment vehicles:

- Kerrisdale Partners, L.P. (“Domestic Feeder Fund”)
- Kerrisdale Partners Offshore, Ltd. (“Offshore Feeder Fund”)
- Kerrisdale Partners Master Fund, Ltd. (“Master Fund”)

These are collectively referred to as the “Kerrisdale Funds”. The Firm provides advice to the Kerrisdale Funds based on specific investment objectives and strategies. However, Kerrisdale does not tailor advisory services to the individual needs of investors (the “Investors”) in the Funds. The Investors may not impose restrictions on investing in certain securities or types of securities.

Kerrisdale Capital Management, LLC (the “General Partner”) is the general partner of Kerrisdale Partners, L.P. Sahm Adrangi is the principal owner of Kerrisdale.

We also manage separate accounts for selected clients (“Separate Accounts” and with the Kerrisdale Funds, the “Client Accounts”), generally on a *pari passu* basis with the Master Fund. We attempt to replicate the critical positions of the Kerrisdale Funds in the Separate Accounts. However, from time to time, the Kerrisdale Funds may have names or position sizes that are different from the Separate Accounts. For instance, short positions may differ across accounts because of the share borrowing ability at different brokers.

As of December 31, 2011, the Firm managed US\$ 72,400,000 in the Client Accounts, all of which are managed on a discretionary basis.

Item 5: Fees and Compensation

We charge management fees and performance allocations to both the Kerrisdale Funds and our Separate Account clients, but our Separate Account fees are subject to negotiation. Our usual fee schedule is as follows:

Management Fee: We charge a quarterly management fee, payable in arrears equal to 0.25% of assets under management as of the end of each quarter;

Performance Allocation: We charge a performance allocation equal to up to 20% of the appreciation in net asset value of assets under management during each year, but only to the extent that such appreciation causes the net asset value to exceed its high water mark. Kerrisdale and the General Partner reserve the right to modify the fee structure as reflected in the offering documents on new capital contributions.

Net asset value includes net realized and unrealized profits and losses. Net profits are calculated net of management fees, but before the performance fee allocation.

The Adviser bears all of its separate expenses arising out of its services to the Client Accounts, including all of its general overhead expenses (including office rent, compensation and benefits of its professional and administrative staff, maintenance of its books and records, and fixed expenses, including telephones, and general purpose office equipment).

Further, all costs associated with the organization of the Kerrisdale Funds, including, but not limited to, legal and other professional fees, are paid by the Adviser.

The Adviser and/or the General Partner shall pay for expenses relating to consultants or other professionals who provide research, advice or due diligence services with regard to investments, and related expenses of the Client Accounts, including research costs and expenses (including fees for news, quotation and similar information and pricing services).

The Adviser and/or the General Partner shall pay for legal expenses; accounting fees and audit expenses; administrative fees; tax preparation expenses; government registration, licensing fees and other governmental charges or fees payable by the Kerrisdale Funds. The Adviser and/or the General Partner shall also pay for costs of printing and mailing reports and notices; and other expenses associated with the operation of the Kerrisdale Funds, including any extraordinary expenses (such as litigation and indemnification). However, the Adviser and/or the General Partner reserve the right to have Kerrisdale Fund investors pay research related expenses such as via "soft dollar" commissions.

The Client Accounts will each bear their own ordinary investment-related expenses, including, but not limited to, brokerage commissions, clearing and settlement charges, custodial fees and interest expenses,

The Kerrisdale Funds will bear any appraisal fees and expenses and investment banking expenses; and other similar expenses related to the Kerrisdale Funds, as the Board determines in its sole discretion.

Item 6: Performance-Based Fees and Side-By-Side Management

The Firm generally receives a Performance Allocation with respect to each Client Account that is calculated based upon a percentage of the net capital appreciation of the relevant Kerrisdale Fund or Separate Account. The performance allocations are charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

We have described our performance fees above under "Fees and Compensation." All of our clients pay performance fees, and since all of our Client Accounts are generally managed on a *pari passu* basis using the same investment strategy, we believe the payment of performance fees does not present a conflict of interest that might occur if we had an incentive to favor one account over another.

Item 7: Types of Clients

We manage the Kerrisdale Funds and Separate Accounts of institutional and individual investors. The criteria applicable to investors in the Kerrisdale Funds are described in the respective Confidential Explanatory Memorandum and Confidential Private Placement Memorandum of the Offshore Feeder Fund and the Domestic Feeder Fund, respectively.

The minimum initial investment for the Kerrisdale Funds is US\$ 250,000, subject to negotiation, and the minimum subsequent investment is US\$ 25,000.

Kerrisdale determines the minimum size it will accept for a Separate Account on a case by case basis; historically it has been US\$ 10 million.

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

Methods of Analysis & Investment Strategy

Kerrisdale searches for the following characteristics in identifying companies as potential long investments:

Turnarounds

Companies which have depressed revenues and/or margins which have disappointed investors in the past due to a variety of reasons including unfavorable industry supply-demand dynamics, management execution issues, unfavorable liquidity profiles, market share shifts, operational cost issues and overly optimistic assumptions. These situations often have neutral to negative sell-side ratings and negative buy-side positioning as evidenced by high short interest ratios. The Adviser takes particular notice when a formerly flawed company strategy changes due to new management or shareholder pressure.

Special Situations

Special situations include reorganized equities, mergers, operational or financial restructuring, special purpose acquisition companies and asset sales, among others. These events can create fundamental inflection points due to the potential improvement of free cash flow and return on invested capital.

Industry Supply Demand Rationalization

After many years of especially fierce price competition, an industry may consolidate or regulatory change may occur.

Underfollowed

Many companies do not have more than three sell-side research analysts actively following the stock. The Adviser may uncover companies with high free cash yields and significant barriers to entry in the business that lack widespread institutional coverage.

The following key traits are characteristic of potential short investments:

Deteriorating End Market

If the Adviser believes that valuation multiples do not correctly incorporate the magnitude of a company's potential end market decline, the Adviser may implement a short position in a given security.

Unfavorable Balance Sheets

If the Adviser believes that a company may go bankrupt and that minimal value will remain for equity holders, a short investment may be attractive. The Adviser relies on the principals' prior experience in debt, bankruptcy and distressed debt investing to analyze companies that may potentially undergo a financial restructuring.

Accounting Irregularities

Inconsistencies between the cash flow statement and the income statement are the most common signs of accounting irregularities. However, the Adviser also examines inconsistencies within a company's balance sheet such as stretched payables and receivables or obscured, debt-like liabilities.

High Valuation

A high multiple or momentum stock which the Adviser believes will reverse course in due time could be a potential short candidate.

Investment Risks

All investments involve the risk of a loss of capital. The Adviser believes that its investment program and its research and risk management techniques moderate this risk through the careful selection of securities and other financial instruments. No guarantee or representation is made that Kerrisdale's investment program will be successful, and investment results may vary substantially over time.

As part of its investment program, Kerrisdale will buy and sell many financial instruments, including equities, debt and other income securities, high-yield bonds, small-capitalization stocks, new issues, exchange traded funds, convertible securities, options and other derivatives, distressed securities, repurchase agreements, and non-US and emerging market securities. The Adviser's investment program will utilize such investment techniques as limited diversification, margin transactions, short sales, and futures and forward contracts, which practices may, in certain circumstances, increase the adverse impact to which the Client Accounts' may be subject.

We utilize leverage in our investment program, and we invest in products, such as options, that are inherently leveraged. When we consider it appropriate, we engage in short sales, options and futures transactions that generate gains when the markets or the price of particular securities fall.

We may modify our investment objectives and strategies at any time, subject to the terms of the agreements that govern our Client Accounts.

Because we utilize the same investment strategy that we apply in managing the Master Fund to all of our Client Accounts, the risk factors detailed in the Confidential Explanatory Memorandum for our Offshore Feeder Fund and the Confidential Private Placement Memorandum for the Domestic Feeder Fund apply to all Investors, and we refer Investors and approved potential clients to the Confidential Explanatory Memorandum of the Offshore Fund.

In addition to the general risks involved in implementing our investment strategy that we note above, the risks described in our Confidential Explanatory Memorandum relate to, among other things: the use of leverage; non-diversification; rapid turn-over; investment in derivative securities and other derivative instruments, including option transactions of all kinds and distressed and special situation securities; the cost and uncertain success of hedging; short selling; the possibilities that our investments may not have the liquidity that we anticipate and that trading could be suspended on the markets in which we invest; investment in non-U.S. securities and other instruments, including emerging market securities, and on non-U.S. exchanges and markets, including currency risk; investing in foreign sovereign debt; investing in debt securities, including interest rate and credit risk; engaging in over-the-counter transactions; broker-dealer failure; the impact of future regulatory changes; and the possibility that our incentive fees could motivate us to make riskier or more speculative investments than we otherwise would.

Other Risks*Limited Operating History*

The Fund is a recently formed entity and has limited operating history upon which prospective investors can evaluate its likely performance. There can be no assurance that the Fund will achieve its investment objective.

Start-Up Periods

The Fund may encounter start-up periods during which it will incur certain risks relating to the initial investment of newly contributed assets. Moreover, the start-up periods also represent a special risk in that the level of diversification of the Fund's portfolio may be lower than in a fully invested portfolio.

Suspension of Redemption and Deferment of Redemption Proceeds

In certain circumstances, the Firm may suspend the valuation of the Fund's assets, and/or the right or obligation to redeem the Kerrisdale Funds' investments and/or extend the period for payment on redemption.

Item 9: Disciplinary Information

Neither we nor any of our management personnel are subject to or have in the past been subject to any criminal or civil action in any domestic or foreign court, and neither we nor any of our management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

Item 10: Other Financial Industry Activities and Affiliations

No Kerrisdale management persons are engaged in other financial industry activities or affiliations.

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

Participation or Interest in Client Transactions

We and our affiliates and employees have a financial interest in the Client Accounts through a Performance Allocation and/or a direct investment interest in the Kerrisdale Funds. (Kerrisdale and its employees beneficially own approximately 20% of the Client Accounts.) As such, we could be considered to have recommended to Investors that they buy or sell securities or investments in which the Firm or a related person has some financial interest.

Code of Ethics & Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics and an Employee Investment Policy that establishes various procedures with respect to investment transactions in accounts in which our employees and his or her immediate family have a beneficial interest or accounts over which an employee has investment discretion.

Kerrisdale employees are permitted to trade securities for their personal accounts subject to the following restrictions:

All employee trades must be pre-approved by the Chief Compliance Officer ("CCO"). The CCO may restrict employee trading for any reason, including the following:

- The Firm is in possession of material non-public information about an issuer;
- One of the Firm's employees has accepted a position, such as a member of a board of directors or a member of a board or credit committee which will be likely to cause the Firm or such employee to receive material non-public information;

- The Firm has executed an agreement restricting trading in a company's securities;
- An employee's trading in a company's securities could present a conflict of interest vis-à-vis Kerrisdale's Investors; and
- The employee's trading could be considered improper and/or illegal, as determined by the CCO.

Kerrisdale employees are required to direct their brokerage firms to send duplicate monthly statements for all covered accounts (defined below) to the CCO. The CCO will review the statements to monitor employees' adherence to the Firm's policies.

This policy will apply to the personal securities account(s) of each employee of Kerrisdale and the employee's spouse and children. The policy will also apply to any accounts over which the employee controls or influences investment decisions or has the right or authority to exercise any degree of control or discretionary authority, or any account in which the employee has a beneficial interest.

These policies apply to any personal transactions involving equity, debt, options, or futures. This policy does not apply to transactions involving open or closed end mutual funds including ETF's, or other instruments which afford the investor no discretion over individual securities transactions.

From time to time Kerrisdale uses the services of independent consultants for research purposes. These consultants sometimes work from Kerrisdale's offices. Consultants provide situational research and analysis to Kerrisdale on a non-exclusive basis and do not have knowledge of the Firm's trading strategy or positions. For these reasons, Kerrisdale does not monitor the personal trading of these independent consultants nor do we subject them to our employee investment policy.

Item 12: Brokerage Practices

We have adopted the following policies and practices to meet the Firm's fiduciary responsibilities and to ensure our trading practices are fair to all Client Accounts and that, except where noted below, no Client Account is advantaged or disadvantaged over any other.

Aggregation

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. Our policy is to aggregate Client Account transactions from the same trading platform where possible and when advantageous to clients. In these instances, Client Accounts participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. Currently we have two trading platforms: Jefferies & Company, Inc. and Interactive Brokers LLC. Client accounts that are primed with Interactive Brokers will receive different transaction prices from those client accounts that are primed with other brokers due to different trading platforms required by different prime brokers.

Allocation

In allocating trades and investments between the Kerrisdale Funds and Separate Accounts, Kerrisdale strives to treat all Client Accounts on a *pari passu* basis. However, the Firm has agreements in place with its Separate Account clients which provide that, in certain instances, it will favour the Kerrisdale Funds in its allocations largely due to that fact that we have two different trading platforms.

Best Execution

As an investment advisory firm, we have a fiduciary duty to seek best execution for client transactions. As a matter of policy and practice (and except when clients direct brokerage, as described below), we seek to obtain best execution for client transactions; in other words, we seek to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

Soft Dollars

We do not currently use soft dollars. However, we may in the future use soft dollars generated by Client Accounts' trading activities to purchase research services or products that would otherwise have been an expense of the Firm. We intend to keep any such arrangements within the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Directed Brokerage

Separate Account clients may instruct the Firm to direct transactions for their accounts through a specified broker. In that case, the Firm will make no attempt to negotiate commissions on its Separate Account client's behalf. In addition, the Firm will not seek better execution or prices from other brokers or be able to aggregate its Separate Account client's transactions through other brokers with orders for other clients. As a result, the Separate Account client may pay higher brokerage commissions or receive less favorable prices than might otherwise be possible. Moreover, the Separate Account client's accounts may not be traded in line with the Kerrisdale Funds and may not achieve the same performance results as the Kerrisdale Funds.

Item 13: Review of Accounts

Review of Accounts

The Client Accounts managed by the Firm are reviewed on a continual basis to assure conformity with investment objectives and guidelines.

Reporting

Kerrisdale will distribute an audited financial report for the Kerrisdale Funds with respect to the previous fiscal year to all Investors within 120 days of year-end. In addition, each Kerrisdale Fund will generally distribute net asset value updates and performance reports with attribution analysis on a monthly basis.

Item 14: Client Referrals and Other Compensation

KJM Securities Inc. ("KJM") and M.S. Howells & Co. ("Howells") serve as third party placement agents for the Kerrisdale Funds and may receive a portion of our Management

Fees and Performance Allocations as compensation for their services. KJM and Howells are not authorized to, and do not, solicit Separate Account clients for us; however, if an institutional client requests a Separate Account arrangement and we agree to that request, we may pay KJM or Howells compensation with respect to such a particular Separate Account client. The fees we pay to KJM and Howells do not result in an increase in the Management Fees and Performance Allocations paid by our clients, and our clients do not pay fees to KJM or Howells directly.

Item 15: Custody

Kerrisdale Funds

Custody of the assets of each Kerrisdale Fund will be maintained with a qualified custodian selected by Adviser, which selection may change from time to time without the consent of investors in the fund. The Firm may be authorized to provide instructions to the qualified custodian for the transfer of the funds and securities of a Kerrisdale Fund. Under its governing agreement, the Firm may cause management fees and performance-based allocations to be paid out of the Fund, by the qualified custodian.

Separate Accounts

Separate account assets will typically be deposited with a qualified custodian selected by the Separate Account client and Kerrisdale. The Firm may be authorized to provide instructions to the qualified custodian for the transfer of the funds and securities of such an Account. Under the Advisory Agreement, Adviser may cause management fees and, if applicable, performance-based compensation to be paid out of the Separate Account by the qualified custodian.

Item 16: Investment Discretion

Prior to assuming full 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.

Kerrisdale possesses discretionary portfolio management authority over the Client Accounts with respect to asset allocations and direct investments as per the advisory agreements and offering documents in place.

Kerrisdale 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) and (ii) the amount of securities to be purchased or sold for the client account.

Item 17: Voting Client Securities

To the extent Kerrisdale has been delegated proxy voting authority on behalf of its clients, Kerrisdale will attempt to vote on each proxy in the best interests of the Kerrisdale Funds after careful review of each proposal. Kerrisdale will utilize the analytical talent of the firm to determine the correct vote on a case-by-case basis in order to maximize the economic interests of its Investors. Kerrisdale will maintain voting records on-site. Kerrisdale Investors will be able to view the voting records on-site during normal business hours upon request.

Kerrisdale Advisers generally does not vote on proxies from the separate accounts where it serves as sub-advisor. Nevertheless, Kerrisdale Advisers may advise the separate accounts advisers or owners on the proxy voting.

Item 18: Financial Information

We are not required to provide a balance sheet in response to this item and are not subject to any financial condition that is reasonably likely to impair our ability to meet our financial obligations to our clients.