

KINNERET ADVISORY, LLC

Part 2A of Form ADV

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This brochure provides information about the qualifications and business practices of Kinneret Advisory, LLC. The terms “**Kinneret**” and “**we**” (and their respective possessives) in this brochure refer to Kinneret Advisory, LLC.

If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (“**CCO**”), J. Andrew Lindholm, by telephone at (646) 519-4333 or by email at andy@kinneretgroup.com. 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.

Additional information about Kinneret can be found on the SEC’s website at www.adviserinfo.sec.gov.

Kinneret is an investment adviser registered under the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Registration as an investment adviser does not imply that Kinneret or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

This brochure is for informational purposes only. It does not convey an offer of any type and is not intended to be, and should not be construed as, an offer to sell, or the solicitation of an offer to buy, any interest in any entity, investment, or investment vehicle.

Item 2: Material Changes

This annual update to Kinneret's brochure amends and supersedes its brochure dated March 28, 2019.

This update reflects the following changes since Kinneret's last annual update to its brochure, made in March 2019:

- Item 4 has been updated to reflect Kinneret's regulatory assets under management in discretionary and non-discretionary accounts as of December 31, 2019.

This brochure reflects additional immaterial changes to the prior brochure, updating and/or clarifying its disclosures. Recipients of this brochure are encouraged to review it in its entirety.

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Item 4: Advisory Business

Kinneret, a Delaware limited liability company, was founded in 2011 by Mony Rueven and Daniel Rueven. Each of the founders is a managing member of Kinneret. The principal owners of Kinneret are the two founders, who hold their interests directly and indirectly through certain entities.

We offer discretionary and non-discretionary investment advisory and portfolio management services under investment management agreements to U.S. and non-U.S. institutional and high net-worth clients. Kinneret provides investment advice to clients in accordance with investment objectives, guidelines, and restrictions that form part of the investment management agreement negotiated with the client or are otherwise developed in consultation with the client.

With respect to accounts for which Kinneret has been engaged to provide discretionary investment management services, Kinneret will either perform or obtain investment research and determine the securities such accounts will purchase, hold, or sell. In addition, Kinneret may take various steps to implement such decisions, including arranging for the selection of broker-dealers and the execution and settlement of trades in accordance with applicable criteria set forth in the investment management agreement related to each account, internal policies, commercial practice, and applicable law. With respect to any account for which Kinneret has been appointed to provide non-discretionary investment management services, Kinneret will perform or obtain investment research for its clients and make recommendations as to which securities such account should purchase, hold, or sell. In such cases, Kinneret may (or may not) perform related trading activities for such account, depending on the authority provided by the client. Certain accounts advised by Kinneret may invest in funds managed by unaffiliated investment advisers.

We do not participate in wrap fee programs.

As of December 31, 2018, we managed approximately US\$975,116,133 in regulatory assets under management on a discretionary basis, and approximately US\$306,195,745 in regulatory assets under management on a non-discretionary basis.

Item 5: Fees and Compensation

We do not have a generally applicable fee schedule. Our compensation for investment advisory services generally includes an asset-based fee (each, a “**Management Fee**”), computed as a percentage of the applicable client’s assets under our management, and, in certain circumstances, a performance-based fee or allocation (each, a “**Performance-Based Amount**”), computed based on realized and unrealized gains and losses in the applicable portfolio.

Fees for clients are individually negotiated, and may include only Management Fees, only a Performance-Based Amount, a combination of the foregoing, or other compensation terms. Management Fees may be required to be paid to Kinneret in advance; in such cases, the applicable investment management agreement will generally provide that if it is terminated before the end of the billing period to which the negotiated Management Fee relates, then Kinneret will refund to such client a portion of such pre-paid Management Fee based on the number of days or full or partial months that services were provided prior to such termination.

In addition to the fees described above, clients typically bear other costs associated with investing, including without limitation (i) custodial charges, brokerage fees, commissions, and related costs, (ii) interest expenses, (iii) taxes, duties, and other governmental charges, (iv) transfer and registration fees or similar expenses, (v) costs associated with foreign exchange transactions, and (vi) other portfolio expenses. We may incur brokerage and trading-related expenses on our clients’ behalf, as outlined in Item 12. All expenses that Kinneret may cause to be borne by a client are set forth in the applicable investment management agreement.

We may invest a portion of clients' capital in exchange-traded funds, pooled investment vehicles, and/or other similar vehicles. In the event of such investments, in addition to the fees and expenses discussed above, Kinneret's clients will be subject to the expenses of such funds and vehicles and fees paid to such funds' and vehicles' investment managers and other service providers.

Neither Kinneret nor any of its supervised persons receives compensation for the sale of securities or other investment products to clients.

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

As outlined in Item 5, Kinneret may enter into agreements with clients that provide for Performance-Based Amounts to be paid or allocated to Kinneret and/or certain of its related persons.

The Performance-Based Amounts payable or allocable to Kinneret (or its related persons) in connection with its services to a particular client may be higher than those available to Kinneret (or its related persons) in connection with its services to another client, whether in percentage or absolute dollar amounts. Therefore, Kinneret may have an incentive to devote more research and development or other activities, and/or to allocate investment opportunities, to the client or clients to which the higher Performance-Based Amount applies.

The potential to receive Performance-Based Amounts may incentivize Kinneret to make and/or recommend investments on behalf of its clients that are riskier and/or more speculative than it would make if it were not entitled to Performance-Based Amounts. Furthermore, because the net trading profits on which the Performance-Based Amounts are based may include unrealized gains, Kinneret may receive greater Performance-Based Amounts than would be the case if such Performance-Based Amounts were based on net trading profits that included only realized gains.

We seek to address these possible conflicts of interest by having established policies and procedures, such as allocation procedures for securities transactions. Such procedures are designed to seek the fair and equitable allocation of securities transactions among Kinneret's clients.

Item 7: Types of Clients

As discussed in Item 4, Kinneret currently provides discretionary and non-discretionary investment advisory and portfolio management services under investment management agreements to U.S. and non-U.S. institutional and high net-worth clients. We do not currently have investment management agreements with any registered investment companies.

Potential investors are required to meet certain minimum-investment-size thresholds and other conditions, as negotiated between Kinneret and each client, and as set forth in the applicable investment management agreement. To the extent that a client is itself a pooled investment vehicle or an exempt adviser under the Advisers Act, such client may impose similar thresholds and other conditions on its investors or clients; such terms and conditions, however, are determined and managed by the general partner, manager, board of directors, or other governing body of the relevant client and are not determined by Kinneret.

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

Methods of Analysis and Investment Strategy

Kinneret provides discretionary and non-discretionary investment advisory services using a variety of investment strategies, all of which use computational and other techniques to systematically construct, evaluate, and/or trade securities portfolios that accommodate a variety of investment goals depending on a client's risk tolerance. Kinneret does not typically recommend a particular type of security to clients.

Potential Risk Factors

Investing in securities involves a risk of loss, including the potential loss of one's entire investment. In addition, Kinneret's clients face certain risks that arise from Kinneret's investment strategies. Any potential client is urged to carefully review risk-related disclosures set forth in such client's investment advisory agreement prior to entering into an investment advisory relationship with Kinneret. There may be other risks applicable to Kinneret's investment strategies, the markets and/or instruments in which Kinneret invests on behalf of its clients, and/or other similar matters that are not identified below but that might still result in material losses to Kinneret's clients. Each prospective client should also consult its own legal, investment, tax, and other advisers in determining the risks of engaging Kinneret to manage and/or advise on all or a portion of its investment portfolio, and whether such an engagement is appropriate for it.

No Assurance of Profits; Not a Complete Investment Program

No client should regard Kinneret's investment strategies as a complete investment program. Kinneret's investment advice usually entails a high degree of risk and is therefore suitable only for sophisticated investors who fully understand and are capable of assuming the risk of the loss of their entire investment exposed to such strategies. There can be no assurance that a client's investment objective will be achieved or that the application of Kinneret's investment advice or strategies to a client's portfolio will be profitable; and such portfolio may experience material losses.

Further, Kinneret's clients are subject to direct and indirect fees and expenses as outlined in Item 5, which will reduce the returns experienced by Kinneret's clients and require a portfolio managed by Kinneret to make a certain level of profit from its investing activities over any given period in order for such portfolio not to experience losses over that period.

Past Results Do Not Guarantee Future Results

Past performance of other accounts or investment vehicles sponsored, advised, and/or managed by Kinneret or its personnel is not indicative of the results that will be achieved by any given account managed by Kinneret and provides no assurance of the level of the returns that such an account will achieve or that such an account will be successful in achieving its investment objective.

Reliance on Key Personnel

The death, incapacity, or departure of key persons of Kinneret could materially adversely affect its operations and/or the performance of its investment advice. Following their departure, such key persons may (subject to compliance with applicable contractual requirements, if any) establish investment advisory businesses and/or investment vehicles in competition with Kinneret's clients and/or engage in other business activities within the financial services industry and/or any other industry.

Disruptions to the Investment and Business Environment

The market, economic, political, technological, regulatory, and social conditions to which Kinneret and each client's portfolio are exposed are subject to extreme and sometimes rapid changes and the occurrence of periods of heightened instability, in each case, outside of Kinneret's control. The occurrence of such changes or periods often cannot be foreseen, and when they occur, their duration, severity, and full range of consequences can be difficult or impossible to forecast accurately. For example, global financial markets have experienced a series of disruptions that have had materially adverse consequences for the values, liquidity, stability, and/or availability of certain types of investments, including certain of the types of investments in which Kinneret may invest its clients' portfolios or advise clients to invest their portfolios.

Competition

Kinneret trades in a limited number of investment trading markets, and, if the number of participants in these markets that employ strategies similar to or otherwise in competition with Kinneret's investment strategies were to increase, it would potentially make it more difficult for Kinneret to identify profit opportunities relating to, and generate profits from, particular investments or from one or more of its investment strategies. In the event of such increased competition, the effects may be exacerbated if it occurred together with changes in the investment trading markets themselves that benefitted Kinneret's competitors relative to Kinneret's clients. In addition, existing and future regulation may affect Kinneret and portfolios advised by Kinneret more adversely or severely than their respective competitors.

Kinneret's clients may also be exposed to other competitive challenges, including those arising from the competition that Kinneret faces for appropriately skilled personnel.

Force Majeure Events

Force majeure events, such as a terrorist attack, act of war, insurrection, or natural disaster, usually cannot be predicted. The occurrence of any such event could have a material adverse effect on the portfolios managed by Kinneret or any of the investments held by such portfolios. The risk of these events, in addition to the events themselves, might materially adversely affect the trading of such portfolios and/or the markets in which such portfolios participate. Further, the risk of these events and the events themselves may result in increased regulation of markets in which such portfolios participate, which regulation could have a material adverse effect on such portfolios.

Inability to Trade

Portfolios managed by Kinneret could suffer material losses were Kinneret unable to open or liquidate positions, whether due to market conditions, trading halts due to regulatory limits, counterparty discretion, and/or other factors. For example, various exchanges impose daily-price-fluctuation limits, and no trading may take place beyond these "lock" limits, so trading may effectively cease.

Exchange-Traded Funds

Kinneret may make, on behalf of its clients, investments in the securities of ETFs in different asset classes and sectors. ETF securities represent interests in (i) fixed portfolios of common stocks designed to track the price and/or dividend yield performance of broad-based securities indices (e.g., the S&P 500) or (ii) "baskets" of securities related by industry, sector, and/or other shared attributes. ETF securities are traded on exchanges, and the value of ETF securities fluctuates in relation to changes in the value of the underlying portfolio of securities. However, the market price of ETF securities may not be equivalent to the *pro rata* value of the underlying portfolio of securities. ETF securities are subject to the risks of an investment in a broad-based portfolio of common stocks or to the risks of a concentrated, industry-specific investment in securities, as the case may be. Furthermore, certain ETFs in which Kinneret may invest its clients' portfolios may leverage their assets, thereby significantly increasing the potential volatility of such ETFs.

Leverage; Margin

Certain of Kinneret's investment strategies or advice may involve the use of leverage by its clients' portfolios. In particular, portfolios and/or accounts managed and/or advised by Kinneret may buy certain investments on margin or otherwise use borrowed funds to acquire investments or to support such portfolios. The use of leverage will permit such portfolios to hold assets with a value that exceeds their capital.

The amount of leverage employed by portfolios over which Kinneret has discretionary authority is generally determined by Kinneret, and Kinneret may be authorized under the relevant investment management agreement to cause the applicable portfolio to employ leverage up to the maximum permitted by applicable

law (subject to any limits imposed by any person extending credit or otherwise providing leverage to such portfolio). Leverage will amplify each such portfolio's returns if such portfolio earns a return on investments purchased with borrowed funds that is greater than such portfolio's cost of borrowing such funds. However, the use of leverage exposes such portfolio to additional risks, including: (i) greater losses from investments than would otherwise have been the case had such portfolio not borrowed to acquire its investments; (ii) margin calls or interim margin requirements, which may force premature liquidations of investments; and (iii) losses on investments where the investments fail to earn a return that equals or exceeds such portfolio's applicable cost of borrowing. In the event of a sudden, precipitous drop in value of such portfolio's investments, Kinneret might not be able to liquidate assets on behalf of such portfolio quickly enough to repay its borrowings, further magnifying such portfolio's losses. The use of leverage by a client's portfolio managed by Kinneret will increase the volatility of the investment performance of such portfolio and, as a result, will increase the volatility of the returns experienced by the applicable client.

A client's portfolio managed by Kinneret may incur potentially significant expenses, including interest charges and commitment fees, in connection with any leverage that Kinneret uses in connection with such portfolio's investments. The terms of the borrowing relating to such leverage may restrict certain activities of such portfolio, including the ability for the client to withdraw assets from the relevant account. In addition, any leverage obtained, if terminated on short notice by the lender, could result in Kinneret's being forced to unwind such portfolio's positions quickly and at prices below what Kinneret deems to be fair value for such positions.

Notwithstanding the foregoing, Kinneret may find it difficult, impossible, or prohibitively expensive to obtain or maintain leverage for a given client portfolio. Events in the global financial markets have tended to decrease the availability, and increase the cost, of certain forms of financing. In such event, Kinneret could find it difficult to implement its investment strategy on behalf of such client, and any inability or unwillingness to obtain, employ, and/or maintain leverage or other forms of financing would be expected to result in lower (and potentially materially lower) returns to clients than had Kinneret been able to obtain, employ, and/or maintain such leverage on behalf of its clients' portfolios.

Limited Diversification; Concentration; Correlation

Certain of Kinneret's investment strategies are expected to result, under most circumstances, in a portfolio that is relatively broadly diversified among issuers in certain major U.S. securities indices, such as the S&P 500 index. Kinneret is not required to ensure that any portfolio it manages is broadly diversified among particular issuers (and/or among industries, issuances, exchanges, counterparties, types of investments, countries, and/or other shared characteristics), other than to the extent that such requirements (if any) are imposed by applicable law or regulation or by restrictions contained in a related investment management agreement. In general, less diversification will tend to expose such portfolio to greater volatility and/or risk than would be the case with a more broadly diversified portfolio. There can be no assurance, however, that if a client's portfolio is more diversified it will experience a reduction in volatility and/or risk. In addition, to the extent that a client's portfolio is concentrated in particular types of issuers, industries, issuances, exchanges, counterparties, types of investments, countries, and/or other shared characteristics, such concentration would magnify the risks associated with such investments for such portfolio, including the risk of significant losses.

Furthermore, Kinneret's investment strategies generally, and certain of any client's investments taken individually or as a subset of such client's portfolio, may experience returns that individually or in the aggregate are correlated (possibly highly) with various market indices or other strategies, including with various markets or exchanges around the world.

Illiquidity of Investments

Although Kinneret expects that its clients' portfolios will generally comprise very liquid investments, certain of Kinneret's clients may permit Kinneret to acquire (subject to the terms of the applicable investment management agreement) on its behalf illiquid investments and to hold investments that become more

difficult to dispose after the applicable portfolio acquires them, whether due to market forces, developments involving the applicable issuers, restrictions imposed on the trading of such investments or the markets on which they are traded, and/or otherwise. Illiquid investments may involve significant transaction costs when they are disposed, whether because of adverse price movements (whether related to liquidity or otherwise), increased spreads between quotes and dealer mark-ups, and/or otherwise. In addition, illiquid investments may be difficult to value accurately, and valuations of such investments may rely on estimates and/or models. There can be no assurance that such investments will not constitute a material or substantial portion of a given client's portfolio at any time, and the risks associated with illiquid investments could have a material adverse effect on a client's returns.

Reliance on Third-Party Managers; Layering of Fees

Kinneret may make, on behalf of its clients, investments in separately managed accounts or pooled asset investment vehicles managed by third-party investment managers. Although Kinneret will monitor the performance of any such separately managed account or pooled asset investment vehicle, Kinneret will not usually have an active role in the day-to-day management of any such account or vehicle, and Kinneret typically will not have the opportunity to evaluate specific investments made by such related third-party investment managers. Although Kinneret performs thorough due diligence on each such third-party investment manager, there can be no assurance that any such manager will not engage in fraudulent practices, misappropriate client assets, or engage in other similar conduct that would have a material adverse effect on a client's returns.

In addition, clients will bear the investment advisory fees and expenses charged by such third-party investment managers, which may include management fees and performance-based allocations, in addition to the advisory fees and expenses charged by Kinneret. This will result in greater expense than if clients invested directly in any such separately managed account or pooled asset investment vehicle, and could have a material adverse effect on a client's returns.

Valuation

Kinneret anticipates that market prices will not be readily available for many investments held in separately managed accounts and/or pooled asset investment vehicles, in each case, managed by third-party investment managers. In these cases, the value of such investments ordinarily will be the value determined by the applicable third-party investment manager in accordance with the valuation policies of such manager. Although Kinneret will review such valuation policies, Kinneret will have little or no means of independently verifying valuations provided by such third-party investment managers.

Derivatives

Kinneret may use, from time to time as part of its investment strategies, derivative financial instruments, including without limitation futures, options, interest rate swaps, equity swaps, forward currency contracts, and credit derivatives such as credit default swaps. Kinneret may also, from time to time, use both exchange-traded and over-the-counter futures, options, and contracts for differences, as well as other derivative instruments. Derivative instruments are highly volatile, involve certain special risks, and expose investors to a high risk of loss. Initial margin deposits normally required to establish a position in such instruments are usually low, and therefore permit a high degree of leverage, which could have a material adverse effect on a client's returns. As a result, a relatively small movement in the price of a contract may result in a profit or loss that is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. See the discussion under the heading "Leverage; Margin" above.

The trading of over-the-counter derivatives is subject to a variety of risks, any of which could have a material adverse effect on a client's returns, including: (i) counterparty risk; (ii) basis risk; (iii) interest rate risk; (iv) settlement risk; (v) legal risk and (vi) operational risk. Counterparty risk is the risk that a counterparty might default on its obligation to pay or perform on its obligations. Basis risk is the risk that the normal

relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support, and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position, or to assess the exposure to risk.

Electronic Systems and Operations

Kinneret's clients depend on Kinneret to develop and implement appropriate systems for its investment activities. Kinneret, and consequently each of its clients, relies extensively on computer programs and systems to trade, clear, and settle securities transactions; to evaluate certain investments based on real-time trading information; to monitor each portfolio and its net capital; and to generate risk management and other reports that are critical to Kinneret's oversight of its investment activities and its client's portfolios. Operational risks may cause such portfolios and/or clients to suffer financial loss, disruptions, liability to third parties, regulatory intervention, and/or reputational damage. Kinneret's investment activities are highly dependent on its ability to process, on a daily basis, a significant number of transactions. Consequently, Kinneret relies heavily on its financial, accounting, and other data processing systems. The ability of such systems to accommodate an increasing volume of transactions could also constrain Kinneret's ability to properly manage its clients' portfolios.

In addition, certain of Kinneret's operations interface with and/or depend on systems operated by third parties, including the executing brokers, prime brokers, and market counterparties; and Kinneret may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, and/or interruptions, which could have a material adverse effect on Kinneret's clients' portfolios. For example, such failures could cause entry of new orders, execution of existing orders, or modification to or cancellation of orders that were previously entered to fail; lead to inaccurate accounting, recording, and/or processing of trades; and/or inaccurate reports, any or all of which may affect Kinneret's ability to monitor its clients' investment portfolio and its related risks. Trading venues offering an electronic trading or order routing system typically adopt rules to limit their liability; the liability of member brokers, software and communication system vendors; and the amount that may be collected for system failures and delays.

Kinneret's investment strategy with respect to portfolios managed by Kinneret depends on Kinneret's ability to establish and maintain for its clients an overall market position in a combination of financial instruments. Kinneret's trade orders on behalf of a client's portfolio may not be executed in a timely and efficient manner due to various circumstances, including systems failures and/or human error attributable to Kinneret or brokers, agents, and/or other service providers or financial intermediaries. In such event, Kinneret might be able to cause one or more of its clients to acquire only some, but not all, of the components of such position, or, if the overall position were to need adjustment, Kinneret might not be able to make such adjustment for the applicable portfolios. As a result, Kinneret would not be able to achieve the desired market position on behalf of its client, and might incur a loss in liquidating the relevant portfolio's position.

Item 9: Disciplinary Information

There have been no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

One of Kinneret's principals serves as an officer of a client that is an investment adviser exempt from registration under the Advisers Act. Based on this relationship, Kinneret may have an incentive to devote

more research and development or other activities, and/or to allocate specific investment opportunities to such client.

Kinneret has established restrictions and procedures, and has made disclosures to clients, designed to address the potential conflicts between the interests of its clients and the interests of itself and/or its related persons as outlined in this Item 10. When such conflicts of interest arise, they are addressed in compliance with all legal requirements and such restrictions and procedures, and consistently with such disclosures, as applicable.

Derivatives used by Kinneret in connection with its services may include certain financial derivatives deemed by the Commodities Futures Trading Commission ("CFTC") to be "commodity interests," such as futures, options on futures, swaps, and certain foreign exchange contracts. Kinneret is not registered with the CFTC as a CTA based on Kinneret's determination that it may rely on certain exemptions from registration provided by the Commodity Exchange Act and the rules promulgated thereunder. The CFTC has not passed upon the availability of these exemptions to Kinneret.

Kinneret will recommend or select other investment advisers based on guidelines and restrictions contained in a given client's investment management agreement. Kinneret does not receive compensation directly or indirectly from any such other investment advisers.

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

In accordance with Rule 204A-1 under the Advisers Act, we have adopted a written code of ethics (the "**Code of Ethics**") that establishes various procedures with respect to investment transactions in accounts in which employees of Kinneret or related persons (such as immediate family members sharing the same household or persons to whom the applicable employee provides primary financial support) have a beneficial interest or accounts over which employees have investment discretion.

The Code of Ethics is based on the underlying principles that:

- employees must at all times place the interests of our clients first;
- employees should not take inappropriate advantage of their position at Kinneret; and
- employees must comply with applicable federal securities laws.

Currently, Kinneret deems all of its employees to be "access persons" for purposes of Rule 204A-1, and such access persons are required to adhere to the Code of Ethics, which covers their confidentiality obligations as well as personal trading. All access persons are required to certify their adherence to the Code of Ethics.

Under the Code of Ethics, Kinneret's access persons are restricted from certain personal securities transactions, including securities on Kinneret's "restricted list." Kinneret may also agree with particular clients to implement additional restrictions on its employees' transactions involving securities that are held in such clients' portfolios, and Kinneret adopts procedures to monitor compliance with such additional restrictions, to the extent applicable.

In addition, Kinneret's access persons are required to obtain the approval of the CCO prior to engaging in certain transactions in securities for their own account, including securities offered in an initial public offering, or engaging in certain other businesses and/or activities.

All of our access persons must direct their brokers to send duplicate brokerage statements to the CCO. These records are used to monitor compliance with the Code of Ethics.

In compliance with Rule 204A-1, the trading restrictions in the Code of Ethics do not apply to transactions in and holdings of certain instruments, including transactions and holdings in direct obligations of the U.S. government; shares issued by money market funds; and shares issued by open-end funds.

Kinneret's Code of Ethics is available to clients upon request.

Item 12: Brokerage Practices

Generally, Kinneret is authorized by each of its clients to determine the broker-dealer to be used for each transaction executed on behalf of such client. In selecting such broker-dealers for transactions, Kinneret seeks to obtain the best execution of transactions for its clients under the circumstances (consistent with what it believes to be the best overall interests of the client), but need not solicit competitive bids. The price offered by a broker-dealer, including commissions and commission equivalents, if any, and other transaction costs, is normally an important factor in Kinneret's selection of a broker-dealer for a transaction, but such selection also takes into account the overall quality of the execution services offered, including without limitation such factors as: execution capability; willingness and ability to commit capital; creditworthiness and financial stability; clearance and settlement capability; ability to maintain confidentiality; the provision of research and other services; and potential or perceived conflicts affecting Kinneret's clients. Accordingly, transactions will not always be executed at the best price or the lowest available commission. In addition, Kinneret is not required to negotiate "execution only" commission rates, and its clients may consequently be deemed to be paying for other services provided by the applicable broker-dealer that are included in the commission rate. Subject to its duties under the express terms of any applicable agreement and under applicable law, Kinneret may determine eligibility of and/or direct transactions or commissions to certain broker-dealers or exchanges that may be willing to furnish other services for the benefit of Kinneret or one of its related persons. In such case, as discussed below, such services will include only brokerage and research services that are deemed to fall within the safe harbor for such "soft-dollar" arrangements provided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

Soft-Dollar Arrangements

An arrangement under which a broker-dealer furnishes an investment adviser with products and services other than securities execution in return for the adviser's directing securities transactions to such broker-dealer is referred to as a "soft dollar" arrangement. Such services may include the provision of proprietary information created or developed by such broker-dealer or of information created or developed by third parties, in each case, on economic trends or conditions, political developments, industries, groups of securities, individual countries, and individual companies, as well as brokerage services or communication services related to the execution, clearing, and settlement of transactions. A soft-dollar arrangement allows Kinneret to use its clients' brokerage commissions expense to pay in part or in whole for the cost of services that would otherwise be borne by Kinneret. Research or other services obtained in this manner may be used in servicing any or all of Kinneret's advisory clients and may be used in connection with advisory accounts other than those that pay commissions and commission equivalents to the applicable broker-dealer providing the research or other services.

To the extent that we use brokerage commissions to purchase services other than securities execution, we do so only within the safe harbor provided by Section 28(e) of the Exchange Act.

The receipt of such services from particular broker-dealers creates an incentive for Kinneret to select such broker-dealers rather than broker-dealers from which Kinneret's clients would receive the most favorable execution. The appropriateness of brokerage commissions is evaluated by Kinneret on a periodic basis.

Concentration of Broker-Dealers and Other Counterparties

Kinneret may need to maintain and use on behalf of each of its clients a number of brokerage accounts to facilitate the trade execution required by its investment strategies. The clearing, settlement, and custody of

positions in the client portfolios managed by Kinneret may, however, be carried out by a limited number of prime brokers, custodians, and executing brokers. This may create a concentration of exposure to the creditworthiness of the counterparties carrying out such clearing, settlement, and custody. Any failure of any such counterparty could have a material adverse effect on the client portfolios managed by Kinneret.

Aggregation of Orders

When portfolio decisions are made contemporaneously for multiple clients in the same instrument, Kinneret may, if consistent with market conditions, client characteristics, and applicable law, aggregate (or bunch) client orders for execution. Such aggregated orders might facilitate execution and may reduce brokerage and other costs. Kinneret is not, however, required to aggregate orders. In general, Kinneret expects to aggregate orders only if (a) the applicable portfolio management decisions are made contemporaneously, (b) such aggregating is expected to result in more favorable prices or more timely or equitable execution, (c) such aggregating is expected to result in lower overall commission charges, and (d) Kinneret determines that it would be consistent with its investment management duties to do so.

Because of prevailing trading activity, it is frequently not possible to receive the same price or execution on the entire volume of positions purchased or sold in such bunched or aggregated orders. When this occurs, Kinneret may charge or credit clients participating in the bunched or aggregated order with the average price of the various prices received for that order, or alternatively, may charge or credit such clients with a price determined in good faith to be an appropriate price. Positions purchased or sold in a bunched transaction are allocated to the participating clients using methods determined by Kinneret in its sole discretion (which methods may include *pro rata* by assets under management or by proportionate order size). Kinneret may, however, increase or decrease the transaction amount allocated to each client if necessary to avoid holding odd-lots or small numbers of positions for particular clients. If Kinneret is unable to or does not fully execute a bunched transaction or Kinneret determines that it would be impractical to allocate a small number of positions among all of the accounts initially intended to participate in the transaction, Kinneret may allocate such positions in a manner determined in good faith to be an appropriate allocation. Although it is anticipated that the bunching or aggregation of orders, when undertaken, will benefit each client overall, aggregating orders may disadvantage clients, including without limitation by resulting in shared allocations of orders or worse execution prices for client orders. Alternatively, not aggregating orders may disadvantage clients, including without limitation by resulting in higher costs or worse execution prices for client orders.

In addition, in cases in which Kinneret bunches or aggregates orders on behalf of its clients, some executing brokers, clearing brokers, other counterparties, or trading facilities may require or request that a single entity be the party to the contract that covers all of the aggregated trades with Kinneret's clients. Where one of Kinneret's clients is the party to such a contract, it will bear the risk that one of these other clients would default on its portion of any trade, and that the client that is the party to the contract would be liable for the defaulted obligation. Where one of Kinneret's clients is not the party to such a contract and is allocated a portion of a trade, it may bear the risk that the client of Kinneret that is the party to such contract would default under the contract, which may result in such other client's trades being cancelled.

Trade Errors; Trade Allocation; Directed Brokerage

Kinneret attempts to correct any identified trade errors. As with all financial gains and losses attributable to investments, any financial gains or losses resulting from trade errors are generally borne by the applicable client.

When trading on behalf of multiple clients with differing Performance-Based Amounts, Kinneret endeavors to allocate investment opportunities among such clients in a fair and equitable manner. Kinneret's trade allocation for any given client may vary based on, among other things, differences in investment objectives among clients, different capital constraints of each client, varying leverage preferences of each client, and any scheduled increase or decrease of any particular client's assets under management. Kinneret does not

alter its allocation policy with respect to a client, or allocate trades among multiple advisory clients, without the approvals of relevant senior management and the CCO.

Kinneret does not currently participate in directed brokerage.

Item 13: Review of Accounts

Mony Rueven, Kinneret's Chief Executive Officer, reviews the trading and positions in our clients' portfolios on a regular basis throughout each trading day to assure conformity with applicable investment objectives and guidelines.

With respect to investment portfolios of clients for which we have investment discretion, we review our client's transactions, positions, and cash balances on a daily basis. With respect to investment portfolios of clients for which we do not have investment discretion, we will review the applicable portfolio on an at least weekly basis or as otherwise determined by negotiation with individual clients.

Generally, clients have full access to information about the transactions, positions, and cash balances of their portfolios managed by Kinneret, and typically receive monthly or quarterly statements directly from the third-party custodians of their accounts. Kinneret and its principals are available to discuss such information upon reasonable request, and provide regular reports to advisory clients that generally include, among other things, the net asset value, the capital balance, and/or asset breakdown of such client's account, in each case, in accordance with the terms of their respective investment management agreements.

Item 14: Client Referrals and Other Compensation

Kinneret does not currently use the services of any third-party solicitors to identify and/or refer potential advisory clients. If we enter into an agreement to pay referral fees to any individual or entity that solicits prospective clients for Kinneret, such individual or entity must agree to comply with all applicable laws and to adhere to our compliance policies and procedures relating to client solicitation.

Item 15: Custody

The assets of Kinneret's clients are held in custody by qualified custodians unaffiliated with Kinneret or its principals.

Kinneret is deemed to have custody of certain assets of certain of its clients. In accordance with Rule 206(4)-2(a)(3) of the Advisers Act, these clients receive account statements, at least quarterly, directly from the third-party custodians for their accounts, and should carefully review these account statements in detail. In addition to such account statements, Kinneret also provides clients with separate reports that contain information regarding their accounts. Clients should compare these reports carefully to the account statements received from one or more third-party custodians, and should report any discrepancies to Kinneret and to the applicable custodian immediately.

Item 16: Investment Discretion

We generally have discretionary authority to supervise and direct the investment of the assets under our management, without obtaining prior specific client consent for each transaction. This discretionary authority is provided through our investment management agreement with each client. Our investment discretion is exercised in a manner consistent with the stated investment objectives and guidelines of, and restrictions imposed in writing by, each client, as set forth in the applicable investment management agreement. Kinneret may, in its sole discretion, accept, at any time and from time to time, one or more categories of investment restrictions, as requested by a client in writing.

Kinneret may also provide non-discretionary services to clients, pursuant to which Kinneret may provide a client with model portfolios or advice with respect to purchasing, selling, or holding particular investments. Accounts for which Kinneret does not have investment discretion may or may not include the authority to trade for the account and are subject to any additional limitations as imposed by the applicable client in writing.

Item 17: Voting Client Securities

As a general practice, we do not intend to vote proxies on behalf of our clients but will make such decision on a case-by-case basis. Prior to voting a proxy, we will make a determination as to what vote if any, is in the best interest of the applicable client. We maintain a written record of each proxy vote on each occasion a proxy is voted.

Upon request from a client, we will provide such client with a copy of our proxy-voting policies and procedures and/or a record of all proxy votes cast on behalf of that Client.

Item 18: Financial Information

Kinneret has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.