



Item 1 – Cover Page

Spring Mountain Capital, LP

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March 24, 2011

This Brochure provides information about the qualifications and business practices of Spring Mountain Capital, LP (“SMC”). If you have any questions about the contents of this Brochure, please contact us at 212-292-8300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

SMC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about SMC also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for SMC is 119126.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 24, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Aaron DeAngelis, SMC’s Chief Compliance Officer, at 212-292-8300. Additional information about SMC is also available via the SEC’s web site www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

SMC is principally owned by John “Launny” Steffens, Founder and Managing Director and Gregory Ho, President and Chief Operating Officer. SMC has been providing advisory services since 2001.

As of December 31, 2010, SMC managed approximately \$575.55MM on a discretionary basis and approximately \$45.17MM on a non-discretionary basis.

INVESTMENT MANAGEMENT SERVICES

SMC provides continuous investment management services to a number of pooled investment vehicles (hereinafter “Private Funds”) and to a limited number of separate accounts (collectively the Funds and Managed Accounts are referred to herein as the “Clients”). In the case of the Private Funds that are domiciled in the United States (the “Domestic Funds”), the Funds rely on registration exemptions available under the Investment Company Act of 1940. SMC also serves as the investment manager for six investment funds organized under the laws of jurisdictions other than the United States (the “Offshore Funds”). Interests in the Offshore Funds are offered on a private placement basis to persons who are not “U.S. Persons,” as defined under Regulation S of the Securities Act of 1933, and U.S. tax-exempt entities (or substantially comprised of U.S. tax-exempt entities), and subject to certain other conditions, which are described in the offering documents for the Offshore Funds.

1. Investment Management Utilizing a “Fund-of-Funds” Approach:

Predominantly SMC’s investment strategy focuses on a strategy of exposure to other independent hedge funds, private equity funds and separate accounts managed by unaffiliated third-parties via a fund-of-funds approach. The Private Funds that SMC manages utilizing this strategy are:

- Spring Mountain Partners QP I, LP (the “SMP Domestic Fund”);
- Spring Mountain Partners Overseas I, Ltd. (the “SMP Overseas Fund”);
- SMC Alternative Strategies Fund, LLC (the “Domestic Alt Strategies Fund”);
- SMC Alternative Strategies Fund, Ltd. (the “Offshore Alt Strategies Fund”);
- SMC Leveraged Fund, LLC (the “Domestic Leveraged Fund”);
- SMC Leveraged Fund, Ltd. (the “Offshore Leveraged Fund”);
- SMC Reserve Fund II, LP (the “Reserve Fund II”);
- SMC Reserve Fund II Offshore, LP (the “Offshore Reserve Fund II”)

- Centigrade Fund, LP (the "Centigrade Fund Onshore");
- Centigrade Fund Limited (the "Centigrade Fund Offshore"); and
- Aozora-SMC Alternative Strategies Fund, Ltd. (the "Aozora Fund")
- SMC Ar18, LP (for domestic investors) and SMC Ar18, Ltd. (for offshore investors; collectively, "SMC Ar18")

For all Domestic and Offshore Funds, affiliates of SMC's act as General Partner or Manager of the Private Funds. SMC's risk management analysis of third party funds is based on a variety of factors including investment risk, operational risk, and portfolio risk. SMC conducts investment strategy analysis focusing on leverage, portfolio diversification, liquidity, portfolio turnover, and hedging strategies. On the operational risk side, SMC conducts separate due diligence which includes interviews with third party portfolio officers, legal document review, independent verification of assets, and counter-party analysis. With respect to portfolio risk, SMC carries out a quantitative risk assessment as well as a qualitative risk assessment.

2. Direct Private Fund Investment Management:

In addition to its predominant fund-of-funds strategic management, SMC also manages the following Private Funds directly (i.e., direct investment decisions are made by SMC as opposed to a third-party manager selected by SMC):

- SMC Select Co-Investment Fund, LP (the "Co-Invest Fund");
- SMC Select Co-Investment Feeder Fund, LLC (the "Co-Invest Feeder Fund");
- SMC Asset Allocation Fund, LP (the "SMC Asset Allocation Fund");
- SMC Holdings I, SMC Holdings II and SMC Holdings III (the "SMC Holdings Funds")
- SMC New World Fund, LP (the "New World Fund"), although currently this is only comprised of SMC and affiliate persons investments

SMC's management of the Co-Investment Funds focuses on direct private equity opportunistic co-investments (where an SMC affiliate invests directly in opportunities side-by-side with non-affiliated private equity funds) in private equity and/or distressed equity markets. SMC invests the Co-Investment Funds across the full private equity spectrum, including buyouts, recapitalizations, restructurings, mezzanine financings, growth capital and, on occasion venture capital.

In its management of the Asset Allocation Fund ("AAF"), SMC seeks to generate consistent, positive absolute returns by making investments utilizing a proprietary model developed by SMC. The investments will be allocated among assets perceived to be relatively risky by SMC, government bonds (including indices and Exchange Traded Funds trading in

government bonds), cash and cash equivalents, and its investment process will be driven primarily by signals given by the model. SMC will generally purchase government bonds indirectly through indices and exchange traded funds ("ETFs") which trade in U.S. treasuries, but SMC may also purchase government bonds directly for AAF. AAF will generally not attempt to make direct investments in individual stocks. Positions are expected to be implemented through a variety of liquid indices, such as the Standard and Poor's ("S&P") and other developed market indices, emerging market indices, country-specific indices and high-yield indices. Investments may be made in cash indices, futures contracts on the underlying indices or total return swaps on the underlying indices. SMC may occasionally use options to hedge equity positions on behalf of AAF, and while SMC may write call options against its underlying long index positions, it will not overwrite call options (i.e., sell naked call options).

As disclosed above, SMC also manages the SMC Holdings Funds, which are Private Funds where each were created for one or a small number of co-investments into either private equity or distressed investment opportunities. SMC employees may own a portion of the ownership in each of the SMC Holdings Funds, investment in these Funds has and is also offered to external investors (who may or may not also be investors in one or more of the other Private Funds managed by SMC). The investments made by the SMC Holdings Funds are sourced either through the various industry contacts maintained by the firm, or via SMC's Investment Committee.

SMC has full discretionary authority with respect to investment decisions, and its advice with respect to Private Funds is made in accordance with the investment objectives and guidelines as set forth in their respective offering memoranda. Investors and prospective investors in the Private Funds are requested to refer to the offering memorandum of the applicable Private Fund for complete information.

3. Separate Account Management:

SMC also serves as discretionary adviser to certain clients who open separate accounts ("Managed Accounts") with full power & authority to supervise, direct investments for Managed Accounts without prior consultation with Clients.

Similarly, SMC's investment decisions and advice with respect to Managed Accounts shall be in accordance with a client's investment objectives and guidelines in the client's investment management agreement, as well as any written instructions provided by the client to SMC. SMC may invest separate accounts into other independent hedge funds and

private equity funds managed by unaffiliated third-parties or into fixed income securities and other direct investments as dictated by the specific client mandates.

4. Pooled Vehicle & Fund liquidations:

SMC also serves as an investment adviser to provide advice and recommendations to Clients with respect to the liquidation into cash of the Client's investments in pooled vehicles. The objective of the liquidation service offered by SMC is to reduce a Client's investments in a pooled vehicle to cash as promptly and as reasonably practicable at such price and on such terms as SMC shall determine in good faith to be the then best achievable overall. In instances where a Client receives redemption proceeds paid in-kind and not in cash (any such redemption or withdrawal proceeds, "in-kind proceeds") SMC shall provide advice and recommendations to the Client with respect to converting such in-kind liquidation into cash.

SMC's liquidation services are limited to advice and recommendations, and the Client shall retain absolute discretion over any actions with respect thereto. SMC shall not have any discretion to make any investments on behalf of the Client or to redeem, sell or otherwise manage or dispose of any investment or asset, including any investment in the Client assets, without approval of the Client. Risk of gain or loss with respect to the Client's assets shall be borne solely by the Client and not by SMC. No assurance can be given that SMC's services will result in profits or the realization of any particular amount of cash proceeds for the Client. Client assets are subject to various market, currency, economic, political, business and other associated risks.

SMC will not have physical custody of any of the Client assets. SMC will not render, or be responsible for rendering, any legal, accounting or tax advice to the Client with regard to the liquidation service.

Item 5 – Fees and Compensation

1. Private Fund Management:

While it is the general policy of SMC to charge fees to its Clients in accordance with the fee schedules in the offering documents, SMC has the ability to negotiate alternative fee arrangements with the Private Funds based on specific circumstances and on a case by case basis.

The fees paid to SMC for investment advisory services are separate and distinct from those fees and expenses charged by each of the Sub-managers of the underlying pooled investment vehicles to which SMC allocates Fund assets. Each of the Sub-managers of the underlying pooled investment vehicles may also charge management fees and/or performance-based compensation.

In very limited circumstances SMC may invest one of its funds-of-funds into an affiliated Private Fund. However, fees are always waived at the fund-of-funds level in such circumstances.

SMC does not typically invest Fund assets in mutual funds; however it may utilize mutual funds as a result of “cash sweeps” in the Funds. All fees paid to SMC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees may include a management fees, fund expenses, or distribution fees.

For purposes of the discussion regarding fees below, “Hurdle Amount” with respect to a capital contribution of a Limited Partner for a Performance Period is equal to the beginning balance of the Limited Partner’s Capital Account with respect to such contribution, increased at a per annum rate equal to the Hurdle Rate for such Performance Period. Appropriate adjustments will be made for contributions, distributions and withdrawals. The Hurdle Amount is not cumulative from year to year. Thus, if the Hurdle Amount is not earned in any period, the shortfall will not need to be made up or taken into consideration in any following periods.

A “Performance Period” with respect to any Limited Partner’s Capital Account means the period beginning on either the date of such Limited Partner’s initial capital contribution in respect of such Capital Account or the first Business Day following the last Business Day of the immediately preceding Performance Period, as the case may be, and ending on the earlier of (i) the next succeeding December 31st (or the Business Day immediately preceding such December 31st if such December 31st is not a Business Day) and (ii) the date on which the Private Fund terminates.

The fees applicable to each Private Fund are set forth in detail in each of the Fund’s respective offering documents. A brief summary of the fees is provided below.

- a) SMP Domestic Fund – SMC is entitled to a monthly management fee, at the beginning of each month, equal to 0.0625% (0.75% annualized) of the sum the value of each

investor's capital accounts plus any uncalled capital commitments, payable as soon as practicable. Generally at the end of each fiscal year, an amount equal to 5% of each investor's investment profits (subject to a high-water mark and subject to adjustments for withdrawals) will be reallocated to the capital account of the GP.

- b) Domestic Alt Strategies Fund – SMC is entitled to a monthly management fee, at the beginning of each month, equal to 0.083% (1.0% annualized) of the net asset value of outstanding interests, payable as soon as practicable. Generally at the end of each fiscal year, an amount equal to 10% of the net capital appreciation (subject to a high-water mark and subject to adjustments for withdrawals) in an investor's interests is allocated to the account of the GP Affiliate. The allocation is made only to the extent that such allocation does not cause the investor's net capital appreciation to fall below a hurdle rate of 6%. This hurdle rate is not cumulative (*i.e.*, if the hurdle rate is not earned in any fiscal year, the shortfall need not be made up in following years).
- c) Domestic Leveraged Fund – Neither SMC nor the GP Affiliate receives management fees or performance-based compensation from the Domestic Leveraged Fund.
- d) Reserve Fund II Fund – SMC is entitled to a quarterly management fee, at the end of each quarter, equal to 0.25% (1.0% annualized) of the net asset value of the outstanding interests at the beginning of the quarter, payable as soon as practicable. Generally at the end of each fiscal year, an amount equal to 10% of the net capital appreciation (subject to a high-water mark and subject to adjustments for withdrawals) in an investor's interests is allocated to the account of the GP Affiliate. Investments made on behalf of the fund into private equity funds will pay a fee equal to 10% of distributions only after an investor has received all of its initial investment back.
- e) SMP Overseas Fund – SMC is entitled to a monthly management fee, on the first day of each month equal to 0.0625% (0.75% annualized) of the net asset value of outstanding shares plus any uncalled capital commitments, payable as soon as practicable. SMC also is entitled to receive an annual performance fee determined as of the end of each calendar year, equal to 5% of the net realized and unrealized appreciation and depreciation in the net asset value of the outstanding shares, in excess of a high water mark. The high water mark is adjusted for redemptions.
- f) Offshore Alt Strategies Fund – SMC is entitled to a monthly management fee, at the beginning of each month, equal to 0.075% (0.90% annualized) of the aggregate net asset value of Class A Shares and Class B Shares and 0.083% (1.0% annualized) of the aggregate net asset value of Class C Shares and Class D Shares as of the first day of each month. An additional management fee is calculated and paid to SMC in respect of each

series of Class B Shares on the earlier of (i) the date of any redemption prior to each fifth anniversary (a "Fifth Anniversary") of the issuance of each series of Class B Shares; or (ii) each Fifth Anniversary (the "Supplemental Class B Management Fee"). The amount of the Supplemental Class B Management Fee is equal to 0.25% multiplied by the number of years (and fractional years thereof) that the series of Class B Shares has been held since its initial issuance or the prior Fifth Anniversary (whichever is longer) multiplied by the net asset value of each series of Class B Shares on the date of a redemption or Fifth Anniversary (as the case may be). The Supplemental Class B Management Fee will be paid on a Fifth Anniversary only to the extent that the net realized and unrealized appreciation of such series of Class B Shares for such period reflects a rate of return in excess of 8% per annum compounded.

SMC is also entitled to a settlement fee in respect of Class A Shares on July 31, 2007, equal to 1.25% of the net asset value of Class A Shares (the "Class A Settlement Fee"), but only to the extent that the net asset value of Class A Shares (net of the Class A Settlement Fee) reflects a rate of return in excess of 9.5% per annum compounded annually. Redemptions proceeds for Class A Shares redeemed prior to July 31, 2007 will be reduced for any accrued Class A Settlement Fee, but will not be subject to the 9.5% hurdle rate.

Finally, SMC is entitled to an annual performance fee determined as of the end of each calendar year equal to 10% of the net realized and unrealized appreciation in the net asset value of each of the Class C Shares and Class D Shares in excess of a high water mark (the "Performance Fee"). The Performance Fee will be paid only to the extent that such payment does not cause the net realized and unrealized appreciation in the net asset value of each of the Class C Shares or Class D Shares to fall below a 6% hurdle rate. The hurdle rate is not cumulative from year to year (i.e., if the hurdle rate is not achieved in any fiscal year, the shortfall need not be made up in following years). All fees payable as soon as practicable.

- g) Offshore Leveraged Fund – Neither SMC nor the GP Affiliate receives management fees or performance-based compensation from the Offshore Leveraged Fund.
- h) Centigrade Fund, Limited – SMC is entitled to a monthly management fee equal to .083% (1.0% per annum) of the net asset value of shares, payable as soon as practicable. SMC also receives an annual performance fee equal to 5% of the increase in the net asset value of each series of shares. SMC has been appointed as investment manager to Centigrade Fund Unit Trust (the "Trust"), a feeder fund that was established on September 14, 2006, for the purpose of allowing Japanese Qualified Institutional Investors to invest in the Centigrade Fund. SMC is entitled to a monthly management

fee equal to .042% (0.5% per annum) of the NAV of the Trust. (25% withdrawal gate, calculated at the fund level and to be applied at SMC's discretion.)

- i) Offshore Reserve Fund II Fund – SMC is entitled to a quarterly management fee, at the end of each quarter, equal to 0.25% (1.0% annualized) of the net asset value of the outstanding interests at the beginning of the quarter, payable as soon as practicable. Generally at the end of each fiscal year, an amount equal to 10% of the net capital appreciation (subject to a high-water mark and subject to adjustments for withdrawals) in an investor's interests is allocated to the account of the Investment Manager and Special Limited Partner. Investments made on behalf of the fund into private equity funds will pay a fee equal to 10% of distributions only after an investor has received all of its initial investment back.
- j) Aozora Fund – SMC is entitled to a monthly management fee, at the end of each month, equal to 0.041667% (0.50% annualized) of the aggregate NAV of the Class A Shares (out of the assets of the Class A Shares) and 0.083% (1.0% annualized) of the aggregate NAV of the Class B Shares (out of the assets of the Class B Shares), payable as soon as practicable. SMC is also entitled to an annual performance fee. At the end of each calendar year, out of the assets of the Class A Shares, SMC will receive an amount equal to 5% of the net realized and unrealized appreciation in the net asset value of each series of the Class A Shares, subject to a high-water mark and subject to adjustments for withdrawals. At the end of each calendar year, out of the assets of the Class B Shares, SMC will receive an amount equal to 10% of the net realized and unrealized appreciation in the net asset value of each series of the Class A Shares, subject to a high-water mark and subject to adjustments for withdrawals.
- k) Centigrade Fund, LP – SMC is entitled to a monthly management fee equal to .083% (1.0% per annum) of the net asset value of shares, payable on the first day of each month. SMC also receives an annual performance incentive fee equal to 5% of the increase in the net asset value of the fund. (25% withdrawal gate).
- l) Ar18 Fund – SMC is entitled to an annual management fee equal to (1) during the investment period, the annual percentage (set forth below) of (x) each investor's aggregate unfunded commitments plus (y) the net asset value of Ar18 attributable to such investor, and (2) after the investment period, the annual percentage (set forth below) of the beginning net asset value of Ar18 attributable to such investor, in each case accrued monthly based on the net asset value as of the beginning of each month.

The Management Fee with respect to Ar18 Fund investors will equal:

Class	Management Fee (annual %)
Commitment equal to or above \$50 million	0.50%
Commitment greater than or equal to \$25 million but less than \$50 million	0.60%
Commitment greater than or equal to \$10 million but less than \$25 million	0.75%
Commitment greater than or equal to \$2 million but less than \$10 million	1.00%

SMC is also entitled to receive an incentive allocation equal to 5% of profits but only after, with respect to each investor, the excess of aggregate distributions of investment proceeds over aggregate capital contributions is at least equal to such investor's unfunded commitments available for the making of new investments.

- m) The SMC Asset Allocation Fund, LP: SMC is entitled to a management fee that is calculated and accrues weekly in advance at the annual rate of one percent (1%) of the aggregate Capital Accounts of Limited Partners that are subject to the management fee. Additionally, the Advisor is entitled to an incentive allocation which is calculated at the annual rate of ten percent (10%) of each Limited Partner's allocable Net Profits, subject to the net loss carry-forward provisions and a Hurdle Amount. However, an Incentive Allocation will be made only to the extent that such allocation does not cause such Limited Partner's allocable share of Net Profits after such allocation for that Performance Period to fall below the Hurdle Amount.

"Hurdle Rate" with respect to a Performance Period, is equal to the greater of (i) the compounded weekly three-month U.S. LIBOR, calculated and compounded as of the last day of each Accounting Period for the period of calculation (and prorated, if appropriate, for any periods of less than a full week), or (ii) two percent (2%) per annum. The Hurdle Rate will be prorated, if appropriate, for any periods of less than a full calendar year. The Hurdle Rate is not cumulative from year to year. Thus, if the Hurdle Rate is not earned in any period, the shortfall will not need to be made up or taken into consideration in any following periods.

- n) SMC Co-Investment Fund - SMC is entitled to a quarterly management fee, at the end of each quarter, equal to 0.0625% (0.25% annualized) during the commitment period of an investor's capital commitment; and thereafter, an amount equal to 0.0625% (0.25% annualized) of the sum of such investor's allocable share of (A) the cost basis of portfolio investments that have not been disposed of, and (B) aggregate unfunded reserves not yet drawn or released; calculated as of the last day of the immediately preceding quarter. SMC is also entitled to an annual performance fee. At the end of each calendar year, equal to 17% carried interest to the General Partner, with catch-up distributions of profits on a "whole funds basis". The carried interest is subject to an 8% annual compounded preferred return to investors and the fund has a clawback provision for excess distributions.
- o) SMC Co-Investment Feeder Fund - SMC does not charge nor is it entitled to any fees for the Feeder Fund. SMC has also been appointed as investment manager to the SMC Select Co-Investment Feeder Fund, LLC, a feeder fund that was established for the purpose of allowing the participants in the SMP Domestic Fund to borrow up to 35% of their investment in the SMP Domestic Fund to invest in the SMC Select Co-Investment Fund, LP.
- p) New World Fund - SMC is entitled to a quarterly management fee, at the end of each quarter, equal to 0.50% (2.0% annualized) of the net asset value of the outstanding interests at the beginning of the quarter, payable as soon as practicable. Generally at the end of each fiscal year, an amount equal to 20% of the net capital appreciation (subject to a high-water mark and subject to adjustments for withdrawals) in an investor's interests is allocated to the account of the GP Affiliate.
- q) SMC Holdings I - SMC is entitled to a monthly management fee, at the end of each month, equal to 0.833% (1.0% annualized) of the net asset value of the outstanding interests at the beginning of the month, payable as soon as practicable. SMC is also entitled to an incentive allocation equal to 15% of the Investment Proceeds of the Fund after 100% of each Limited Partner's aggregate Capital Contributions are returned.
- r) SMC Holdings II - SMC is entitled to a monthly management fee, at the end of each month, equal to 0.166% (2.0% annualized) of the net asset value of the outstanding interests at the beginning of the month, payable as soon as practicable. SMC is also entitled to an incentive allocation equal to 20% of the Investment Proceeds of the Fund after 100% of each Limited Partner's aggregate Capital Contributions are returned, subject to the Preferred Return of 6%.

- s) SMC Holdings III - SMC is entitled to a monthly management fee, at the end of each month, equal to 0.125% (1.5% annualized) of the net asset value of the outstanding interests at the beginning of the month, payable as soon as practicable. SMC is also entitled to an incentive allocation equal to 20% of the Investment Proceeds of the Fund after 100% of each Limited Partner's aggregate Capital Contributions are returned, subject to the Preferred Return of 8%.

2. Separate Account Management:

Annual fees for Managed Accounts are negotiated on a case-by-case basis. With regard to all fees charged, it is the general policy of SMC to charge fees to clients in accordance with the fee schedule in effect at the time of the charge; however at the discretion of SMC fees are subject to negotiation and modification by SMC.

3. Pooled Vehicle & Fund liquidations:

SMC is entitled to an annual fee starting at 0.30% annualized, based on the net cash proceeds received from the liquidation of assets. In situations where SMC provides services in addition to the liquidation of the Client's portfolio, such as guidance to reinvesting such proceeds an additional fee may be charged as agreed to by the Client and SMC.

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

SMC may charge performance-based compensation (fees) to its Clients, as set forth in the Funds offering documents, which in all cases shall comply with the provisions of the Investment Advisers Act of 1940. In measuring clients' assets for the calculation of performance-based fees, SMC shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for SMC to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. SMC has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

Investors in the Private Funds may include individuals, banks, thrift institutions, investment companies, corporations, pension and profit sharing plans, trusts, estates or charitable organizations. SMC also currently provides advice to a limited number of Managed Accounts and provides investment advisory services to third party portfolios.

Investors in the Funds are generally required to make minimum initial investments of at least \$2,000,000 at the time of subscription subject to the Partnership's right to accept lesser amounts; however, each Private Fund maintains minimum subscription amount requirements, and investors are requested to refer to the applicable Fund offering documents for a complete description.

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

SMC is primarily a "fund of funds manager" in that it generally allocates client's assets to other pooled investment vehicles. SMC provides advisory services to the Funds and the Managed Account by allocating capital among Sub-managers and/or Underlying Funds as described below. The assets of the Funds and the Managed Account also may be invested in corporations, limited partnerships, joint ventures, other investment companies and similar entities managed by Sub-managers. In addition, the Funds and the Managed Account may retain Sub-managers to manage and invest select portions of their assets through separately managed accounts. SMC has also been named the investment adviser to a "traditional" hedge fund and has the ability to invest/allocate capital from its other Funds to each "traditional" hedge fund. SMC provides advisory services to the Funds by allocating capital among various investments. The Funds and the Managed Account invest in a wide range of alternative asset strategies, including a full array of hedge fund strategies (*e.g.*, equity-long biased, equity-long/short and equity-market neutral; relative value; event-driven; sector-focused; regional-focused; and macro) and private-equity disciplines (*e.g.*, early, expansion and later-stage venture capital; buyouts; mezzanine financing; and distressed securities).

As noted above, while SMC typically allocates its fund-of-fund assets to other Sub-managers, In seeking to achieve its investment objective for funds-of-funds, SMC invests each Private Fund in a portfolio of unregistered pooled investment vehicles (the "Underlying Funds") managed by alternative asset managers ("Sub-managers"). Underlying Funds are privately offered pools of capital with few (if any) investment

restrictions. Underlying Funds may utilize leverage in their operations. SMC may also invest each Private Fund in securities and other investments, including, without limitation, common stocks, preferred stocks, warrants, instruments convertible into such securities and debt securities. Options, forward contracts and other derivatives may constitute a part of each Private Fund's portfolio. In addition to purchasing securities, SMC may sell securities short and may also use its capital as margin to secure positions in options and stock index options, and to utilize forward contracts and other financial instruments when deemed appropriate. SMC may invest in securities the transfer of which is subject to legal or contractual restrictions (restricted securities); engage in various trading strategies involving financial futures and related options for hedging purposes and for profit, either directly or through investments in other Underlying Funds. Although SMC does not intend to invest in fixed income securities as its main area of focus, it may, from time to time, invest in bonds and other fixed income instruments issued by governments, corporations or other bodies, both in Organization for Economic Cooperation and Development countries and emerging economies, on an opportunistic basis.

SMC may also enter into currency transactions on behalf of the Private Funds on both a spot and forward basis. It is anticipated that this would be primarily for hedging purposes.

On behalf of each Private Fund, SMC may borrow for cash management purposes when deemed appropriate by SMC, including without limitation, to fund withdrawals. In addition, SMC may, either directly or indirectly through investments in other Underlying Funds, leverage its investment positions by borrowing funds from securities brokers or dealers, banks or others. It may also use derivatives to leverage its capital.

The Fund's investment program could be considered speculative and entails substantial risks. There can be no assurance that the investment objectives of the Fund will be achieved, and results may vary substantially over time.

When selecting Sub-managers and Underlying Funds, SMC uses a five-step, top-down investment process that involves: (i) gathering input and formulating conclusions regarding the relevant macro-trends and future developments that will impact hedge fund and private equity investing in the short, medium and long-term; (ii) selecting strategies that will achieve a Fund's objective; (iii) identifying, evaluating and selecting managers for the proposed strategies; (iv) constructing a high-performing and truly-diversified portfolio, testing it and making required adjustments to it; and (v) monitoring the portfolio and its underlying managers and making required adjustments.

The SMC Asset Allocation Fund, LP:

SMC anticipates that allocation changes to AAF based on model signals will be relatively infrequent due to the fact that model scores are based on the aggregation of longer-term series of events rather than on single market occurrences, in an attempt to ensure that new allocation states are likely to persist. Applying the model to historical data over a period of 20 years, there would have been on average less than 5 allocation changes per year, with no single calendar month having more than 2 allocation changes and no single calendar year having more than 7 allocation changes, although no assurance can be made that the same will be true in the future.

RISKS:

Investing in securities involves risk of loss that clients should be prepared to bear.

An investment in the Private Funds involves a high degree of risk. There can be no assurance that a specific Private Fund's investment objective will be achieved or that the investors will receive a return of their capital. In addition, investment results may vary substantially on a weekly, monthly, quarterly or annual basis.

Material Risks

The material risks presented by the strategies and financial assets pursued by SMC are set forth below. Additional information is contained in the Offering Documents related to each Private Fund. This Brochure does not purport to contain a complete disclosure of all risks that may be relevant to a prospective investor in a Private Fund.

Investing involves risk of loss that an investor should be prepared to bear. Investments made by SMC involve significant risks. There can be no assurance that SMC will meet the investment objectives of any particular Private Fund or otherwise be able to carry out its investment strategy successfully.

Distressed Securities Generally: Distressed debt securities are subject to the significant risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk) and also may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Distressed securities may react to developments affecting market and credit risk more than non-distressed securities. A wide variety of other considerations exist, including, for example, the possibility of litigation between the participants in a

reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations that limit the access of SMC to reliable and timely information concerning material developments affecting a company, or that cause lengthy delays in the completion of the liquidation or reorganization proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that SMC will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Private Fund invests, such Private Fund may lose its entire investment or may be required to accept cash or securities with a value less than the its original investment.

Investments in Equity Securities Generally: Investments may include preferred or common stocks, warrants or similar equity securities. These equity investments may be purchased directly by the Private Funds or received in complete or partial exchange of a debt investment that was restructured through a bankruptcy or otherwise. Any investments in equity securities will be subject to normal market risks, including limited liquidity and price volatility. While diversification among issuers may mitigate these risks, the Private Funds are generally not required to diversify their investments in equity securities; and investors must expect fluctuations in value of equity securities based on market conditions. In addition, holders of equity securities may be wiped out or substantially reduced in value in a bankruptcy proceeding or corporate restructuring. SMC generally does not seek to control of companies, but will often be actively involved in any bankruptcy, insolvency or restructuring process. However, in furtherance of certain opportunities that are otherwise consistent with SMC's investment strategy, the Private Funds may pursue and obtain majority or complete ownership of an entity.

Short Selling Activities: SMC may also engage in short selling. Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Short selling allows an investor to profit from declines in the value of securities (and exposes the investor to losses from increases in the value of securities) and may be an important aspect of certain of the investment strategies of the Partnership. Regulators and policymakers in domestic and foreign jurisdictions have been considering bans or limitations on short selling activities. Limitations on the short selling of securities could interfere with the ability of SMC to execute certain aspects of its investment strategies, including its ability to hedge certain exposures and execute transactions to implement its risk management guidelines, and any such limitations may adversely affect the performance of a Private Fund.

Private Investments: Private investments may be subject to legal or other restrictions on transfer and there may be no liquid market for such investments. This means that SMC may be unable to sell them when desired or to realize their previously anticipated fair value when sold. The sale of illiquid assets often requires more time and results in higher selling expenses than does the sale of more liquid assets. Calculating the fair market value of private investments can be especially difficult.

While both public and private investments may be affected by SMC's acquisition of confidential or material, nonpublic information, private investments create a heightened risk that SMC may acquire such information and may be restricted from initiating transactions in certain securities or selling certain investments at a time when an investment-related action would otherwise have been taken.

These assets are subject to credit, liquidity and interest rate risk. Their value generally will fluctuate with, among other things, the financial condition of the obligors on or issuers of the assets, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. With respect to synthetic securities, value may also be affected by the financial condition of the related synthetic security counterparties and of the obligors on or issuers of the underlying obligations.

Non-U.S. Investments: Investing outside the U.S. may involve greater risks than investing in the U.S. There is generally less publicly available information about non-U.S. companies, and there may be less government regulation and supervision of non-U.S. companies and investments. There may also be difficulty in enforcing legal rights outside the United States. Moreover, non-U.S. companies generally are not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies. Security trading practices abroad may offer less protection to investors than in the United States

Additionally, in some foreign countries, there is the possibility of expropriation or confiscatory taxation, limitations on the removal of securities, property or other assets of a Private Fund, political or social instability or diplomatic developments, each of which could have an adverse affect on such Private Fund's investments in such foreign countries. While SMC will seek to take these factors into consideration in making investment decisions, no assurance can be given that SMC will be able to successfully minimize these risks. In addition, SMC may invest in developing countries or in countries with new or developing capital markets. The considerations noted above are generally intensified for these investments. Certain of these countries may have relatively unstable governments; economies based on only a few industries and not well developed capital markets. Securities and debt obligations of entities located in these countries tend to have volatile prices and may offer significant potential for loss.

Finally, the value of a Private Fund's investments in non-U.S. securities may be significantly affected by changes in currency exchange rates. Some non-U.S. currency values may be volatile, and there is the possibility of governmental controls on currency exchange or governmental intervention in currency markets, which would adversely affect a Private Fund. Although SMC will attempt to hedge against non-U.S. currency exchange rate risks generally by using spot and forward foreign exchange contracts and non-U.S. currency options, there can be no assurance that SMC will be able to do so successfully.

Economic Conditions and Recent Events: Various sectors of the global financial markets have been experiencing an extended period of adverse conditions. These conditions have resulted in reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. These difficult global credit market conditions have adversely affected the market values of equity, fixed-income and other financial assets and these circumstances may continue or even deteriorate further. The short- and long-term impact of these events is uncertain, but could have a material effect on general economic conditions, consumer and business confidence and market liquidity. Further, recent and current disruptions in the debt markets have affected the price of, as well as the ability to make, certain types of investments, and there can be no assurance that these disruptions will not continue or worsen in the future. Specifically, recent events in the sub-prime mortgage market and other areas of the credit markets have caused significant dislocations, illiquidity, and volatility in the structured credit, leveraged loan, and high-yield bond markets, as well as in the wider global financial markets. Such recent and current disruptions may have a direct or indirect negative effect on a wide range of borrowers and may increase the likelihood that such borrowers will be unable to make principal and interest payments on, or refinance, outstanding debt when due. Moreover, the risk that such disruption will affect a borrower's ability to pay its debts and obligations when due is enhanced if such borrower in turn provides credit to third parties or otherwise

participates in the credit markets. In the event of such defaults, the Private Funds could lose both invested capital in, and anticipated profits from, any affected investments. The continuation or worsening of any such events, or other similar or dissimilar events, could have an adverse impact on the availability of credit to businesses generally and may lead to further weakening of the U.S. and global economies.

Liquidity and Valuation of Investments: The Private Funds may invest in securities and other financial assets that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such instruments tend to be volatile and SMC may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Because the markets for such securities are still evolving, liquidity in these securities is limited and liquidity with respect to lower-rated and unrated subordinated classes may be even more limited. As a result, calculating the fair market value of a Private Fund's holdings may be difficult.

Risks Associated with Investing in Options and Derivatives: SMC may invest, from time to time, in options and derivative instruments, including buying and writing puts and calls on some of the securities held by the Private Funds and/or Separate Account clients in an attempt to supplement income derived from those securities. The prices of many derivative instruments, including many options and swaps, are highly volatile. The value of options and swap agreements depend primarily upon the price of the securities, indexes, commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument or asset at the exercise price. A call

option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased on behalf of a client account by SMC were permitted to expire without being sold or exercised, the client account would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold to SMC on behalf of the client account at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by SMC on behalf of the client account at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the client account of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

in the event that SMC determines that leverage is appropriate in its investment program, SMC may use borrowed funds and/or investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent SMC purchases securities for a client account with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The

level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of an account. If the interest expense on borrowings were to exceed the net return on the investments made with borrowed funds, SMC's use of leverage would result in a lower rate of return than if an account was not leveraged.

If the amount of borrowings outstanding for a client account at any one time is large in relation to such Account's capital, fluctuations in the market value of the account will have disproportionately large effects in relation to the account's capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the net asset value of a client account to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies borrowed fails to cover their cost to a client account, the net asset value of the account will generally decline faster than would otherwise be the case.

Certain of SMC's trading and investment activities may be subject to U.S. Federal Reserve Board ("FRB") margin requirements, which are computed daily. At present, the FRB's Regulation T permits a broker to lend no more than 50% of the purchase price of "margin stock" bought by a customer. When the market value of a particular open position changes to a point where the margin on deposit does not satisfy maintenance margin requirements, a "margin call" on the customer is made. If the customer does not deposit additional funds with the broker to meet the margin call within a reasonable time, the customer's position may be closed out. In the event of a precipitous drop in the value of the assets managed by SMC, SMC might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses. With respect to SMC's trading activities on behalf of a client account, the account, and not SMC, will be subject to margin calls.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Clients should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SMC or the

integrity of SMC's management. On January 8, 2009 the Commodity and Futures Trading Commission ("the Commission") initiated civil claims against SMC and one of its affiliates, Spring Mountain Capital, GP, LLC ("SMCG"), with respect to late filing and distribution of certain audited financial statements from 2005 and 2006 to Private Fund investors and the National Futures Association. The alleged violation was based purely on timing (the Commission did not make any allegations with respect to the substance of the financial statements), and no other violations were alleged.

SMC and SMCG consented to settlement with the Commission without admitting or denying the Commission's findings. The Commission (1) found that SMC and SMCG violated Commission Regulation 4.7(b)(3)(i), (2) ordered SMC, SMCG and their successors and assigns to cease and desist from violating commission regulation 4.7(b)(3)(i), and (3) ordered SMC and SMCG to each pay a civil monetary penalty in the amount of \$75,000.

Item 10 – Other Financial Industry Activities and Affiliations

SMC and SMCG are registered as commodity pool operators. SMC is also registered as a commodity trading advisor.

As described previously, the GP Affiliate serves as the general partner of the SMP Domestic Fund, the Reserve Fund II and the Offshore Reserve Fund and as the managing member of the Domestic Alt Strategies Fund the Domestic Leveraged Fund and the Private Reserve Fund. Certain of SMC's Clients with individually managed accounts also may invest in the Funds. Absent specific authority, SMC does not exercise discretionary authority with respect to such Clients' decision to invest in the Funds.

SMC Fixed Income Management, LP, a Delaware limited partnership ("SMCFIM") affiliated with and under common control with SMC, provides fixed income investment management and administrative services. SMCFIM specializes in providing municipal security investment advice to mutual funds, separate accounts and unit investment trusts.

Item 11 – Code of Ethics

SMC strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, SMC has adopted a Code of Ethics (the "Code"). The Code incorporates the following general

principles that all employees are expected to uphold, and sets forth sanctions for violations of such principles. Employees must at all times place the interests of Clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Funds or Managed Accounts, including the Funds' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times.

The Code also places restrictions on personal trading by employees, including a requirement that they disclose their personal securities holdings and transactions to SMC on a periodic basis, and a requirement that employees pre-clear personal securities transactions. The Code also addresses the following potential conflicts: (1) employee investment in initial public offerings and private placements; (2) outside activities; (3) rumor dissemination; (4) gifts and business entertainment; and (5) political contributions. *Investors may request a copy of the Code by contacting the Compliance Department at 212-292-8300, or write to Spring Mountain Capital, LP, Attention: The Compliance Department, 65 East 55th Street, 33rd Floor, New York, NY 10022.*

SMC also maintains Insider Trading policies and procedures (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. SMC's personnel are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis.

Restrictions Due to Insider Information

SMC's Insider Trading Policies prohibit SMC and its personnel from trading for the Funds and Managed Accounts or themselves, or recommend trading, in securities of a company while in possession of material, non-public information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it. By reason of its various activities, SMC may have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. SMC has designed and implemented policies and procedures reasonably designed to shield its investment professionals in most cases from access to Inside Information so that investment decisions may be made on the basis of public information only. Among other things, such policies seek to control and monitor the flow of Inside Information to and within SMC, as well as prevent trading based on Inside Information. Accordingly, SMC may

not have access to Inside Information that other market participants or counterparties are eligible to receive.

Notwithstanding such policies and procedures, there may be certain cases where SMC either may receive Inside Information due to its various activities on behalf of itself or the Funds and Managed Accounts or may be restricted in acting for the Funds or Managed Accounts, resulting in limited liquidity or using such information for the benefit of certain Clients in specific securities. SMC seeks to minimize those cases whenever possible, consistent with applicable law and our Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

SMC may purchase securities from, or sell securities to, related persons for the benefit of the Funds and Managed Accounts. All such transactions will be effected in compliance with applicable law, including regulations and interpretations of the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. Subject to applicable restrictions under ERISA as well as Fund and Managed Account investment guidelines and restrictions, SMC may effect rebalancing or internal cross transactions between the Funds. In such cases, one Fund will purchase securities held by another Fund. SMC effects these transactions at a predetermined time, generally after the close of the market on the last business day of each month, pursuant to formula that will result in the Funds holding substantially similar securities relative to each fund's respective net asset value. SMC effects these transactions based on the then current independent market price and consistent with valuation procedures established by SMC. Neither SMC nor any related party receives any compensation in connection with these rebalancing transactions. These cross transactions generally will be made without brokerage commissions being charged. When effecting cross transactions between the Funds and Managed Accounts, SMC will have potentially conflicting division of loyalties and responsibilities with respect to each participating Fund and Managed Account. To the extent that such transactions may be view as principal transactions due to the ownership interest in the Fund by SMC and its personnel, SMC will comply with the requirements of Section 206(3) of the Advisers Act, including that SMC will notify the Fund (or an independent representative of the Fund) in writing of the transaction and obtain the consent of the Fund (or an independent representative of the Fund).

In addition, SMC may invest the assets of the Funds or Managed Accounts it advises with other Funds that SMC advises. To the extent that a Fund or Managed Accounts' assets are invested in another Fund advised by SMC, the target Fund will waive any fees or other compensation payable to SMC or its affiliates in connection with such investments.

The investment objectives of the Domestic Leveraged Fund and the Offshore Leveraged Fund are to obtain a leveraged exposure to the Domestic Alt Strategies Fund and the Offshore Alt Strategies Fund, respectively.

Investment Activities of SMC and its Personnel

SMC requires that its employees obtain pre-approval through SMC's online employee trading system (PTCC) prior to trading direct securities (equities, bonds, and options) for their own account. SMC's Chief Compliance Officer monitors and reviews the employees' own accounts for compliance with SMC's personal trading policies as detailed in the Code of Ethics. Employees must obtain written approval (Trading Authorization Form – For Private Placements & Initial Public Offerings) from the Chief Operating Officer and the Chief Compliance Officer before acquiring for a personal account any securities as part of an initial public offering or a limited offering (i.e., offering that is exempt from registration under the Securities Act pursuant to Section 4(2), Section 4(6), Rule 504, Rule 505 or 506 there under).

SMC and its related persons do not participate in and do not have any interest in client transactions, except to the extent that SMC's officers and employees may directly or indirectly invest in the Funds or the Underlying Funds. As a result of employee investing in some of SMC's Funds, such funds are considered to be proprietary funds of SMC due to ownership percentages equaling or exceeding twenty-five percent. However, no preferential treatment is given to such funds due to the fact that they have an inherent conflict of interest. In addition, any such investments in such Funds are made in conformity with SMC's policies and procedures regarding investments by SMC's personnel. These policies and procedures include comprehensive guidelines regarding the use of confidential information and personal trading. It is SMC's policy that personnel involved in investment decision-making must act in the best interests of Clients before acting in their own best interests.

Additional Considerations

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of SMC, its affiliates, and personnel (each an "Advisory Affiliate" and, collectively, the "Advisory Affiliates"). SMC has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. The Advisory Affiliates may

invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the Funds or the Managed Accounts. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds or Managed Accounts. Potential conflicts also may arise due to the fact the advisory affiliates may have investments in some Funds but not in others or may have different levels of investments in the various Funds, and because the Funds and Managed Accounts may pay different levels of fees to SMC.

In addition, SMC may give advice or take action with respect to the investments of one or more Funds or Managed Accounts that may not be given or taken with respect to other Funds with similar investment programs, objectives, and strategies. Accordingly, Funds or Managed Accounts with similar strategies may not hold the same securities or instruments or achieve the same performance. SMC also may advise Funds or Managed Accounts with conflicting programs, objectives or strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds. Finally, SMC and its personnel may have conflicts in allocating their time and services among the Funds and Managed Accounts. SMC will devote as much time to each Fund or Managed Account as SMC deems appropriate to perform its duties in accordance with its management agreements.

Item 12 – Brokerage Practices

Best Execution: Due to the relatively small size of the direct SMC Private Funds that invest in public securities (e.g. Asset Allocation Fund and New World Fund), SMC has not been able arrange for the creation of Prime Brokerage accounts which would facilitate trading on a best execution basis through multiple brokers due to the relatively small size of the Direct Funds. As such, SMC has determined that it will place transactions for these specific Funds solely through Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”). Investors in these Funds should, however, understand that the Founder & Managing Director’s son Drew C. Steffens (“Steffens”) is the executing broker of record at Merrill Lynch and receives compensation related to his execution of SMC trades, which creates a conflict of interest.

It should be understood that by solely trading through Merrill Lynch, SMC does not negotiate commissions on a case by case basis or obtain volume discounts, and best execution may not be achieved. In addition, SMC is not able to use other broker dealers to try to obtain best execution for Fund transactions at this time.

If at any point the SMC Funds are able to establish Prime Brokerage accounts, at that point SMC will seek to obtain best execution for their transactions. In so doing, SMC will not necessarily seek to obtain the lowest possible commission on all trades, but rather the best overall qualitative and quantitative execution in the particular circumstances.

Trade Allocation: To the extent that SMC purchases interests in Underlying Funds for the Funds, such interests are generally allocated among the Funds on the basis of available capital (although disproportionate allocations may result from such factors as differences in cash availability, tax or regulatory considerations, or different investment programs that focus on particular strategies, timing or sectors).

As a matter of policy, SMC's allocation procedures must be fair and equitable to all Clients with no particular group or Client(s) being favored or disfavored. SMC's policy prohibits any allocation of trades in a manner that proprietary accounts, affiliated accounts, or any particular Client(s) or group of Clients receive more favorable treatment. SMC has adopted written procedures for the fair and equitable allocation of transactions, (e.g., pro-rata allocation), which are adhered to by the New World Fund and Asset Allocation Fund.

Individual issues associated with different types of investment vehicles are as follows:

Equity, Domestic & International: The purchase and sale of equities are generally done for accounts with similar investment objectives at the same time. Partial or complete fills of orders are allocated evenly, on a percentage basis, based on the Client's original level of participation in the order at the daily average price with each broker. Additional consideration is also given for the cash position, the incurring of expensive minimum brokerage fees for minimal allocation actions, and any special Client requests for cash balance usages. Partially filled orders necessitate the use of judgment to keep Client accounts balanced, i.e., as to even out distribution so as to not disadvantage any one Client versus another.

Fixed Income, Domestic & International: In the circumstance in which an order is only partially filled on the date of placement, all accounts designated generally shall be allocated an interest in the transaction pro rata based upon the amounts indicated for each account. Securities in a trade might not be allocated pro rata in the case of a partial fill in which such a small amount has been transacted that pro rata allocation among accounts would result, in the trader's judgment, in non-meaningful allocation for particular accounts. In such cases, the trader will use his best efforts to allocate such de

minimis amounts obtained from partial fills to the various accounts on a rotational basis.

American Depositary Receipt – ADR: American Depositary Receipt (ADR), also known as American depositary shares, a receipt for the shares of a foreign-based corporation's securities held in the vault of a U.S. bank and entitling the shareholder to all dividends and capital gains of such security. Instead of buying shares of a foreign-based company's security in overseas markets, Americans can buy shares in the United States in the form of an ADR. ADRs are available for hundreds of stocks from numerous companies. ADRs make trading foreign securities in the U.S. easier by eliminating currency exchange, legal obstacles, foreign ownership transfers and the need to trade on a foreign exchange. While an ADR removes direct foreign currency ownership, the value of the ADR share is still impacted by changes in the U.S. dollar to foreign currency exchange rate. The Fund trades ADRs.

International Equity Transaction Costs: International Equity transaction costs are calculated by basis points instead of the standard U.S. cents per share, and as such, the transaction costs and cents per share cost to trade in the international exchanges/markets could be greater than the competitive transaction costs available in the U.S. exchanges/markets.

Trade Errors: As stated above, SMC is primarily a "fund of funds manager" in that it generally allocates Clients' assets to other pooled investment vehicles. SMC provides advisory services to the Funds and the Managed Accounts by predominantly allocating capital among Sub-managers and/or Underlying Funds.

In connection with SMC's direct Funds and managed accounts, SMC's traders may experience errors with respect to trades made on behalf of the Clients. Errors may occur either in the investment decision-making process or in the trading process. For purposes of this policy, errors in both the investment decision-making process and trading are referred to as "trade errors." SMC endeavors to detect trade errors prior to settlement and correct them in an expeditious manner.

Soft Dollars: SMC does not have, and does not anticipate having, any third-party soft dollar arrangements.

IPO Participation: The Funds managed by SMC will not participate indirectly in "New Issues" as defined under the Restrictions on the Purchase and Sale of Initial Equity

Public Offerings of Rule 5130 of the Financial Industry Regulatory Authority, Inc. In the future, SMC reserves its right to change its policy and participate in "New Issues" as defined under Rule 5130 and allocate those proceeds related to "New Issues" to eligible investors. Managed Accounts which are eligible for "New Issues" as defined by Rule 5130 can fully participate indirectly in investments by Underlying Funds.

Item 13 – Review of Accounts

Reviews:

SMC performs various daily, weekly, monthly, quarterly periodic reviews of the Funds' portfolios and the portfolios of the Managed Accounts. The review process will include an ongoing consideration of major market and economic developments and their effects on the securities held in the clients' portfolios. In addition, the review process will involve a review and analysis of the performance of the individual positions held in each portfolio, the performance of the entire portfolio of securities held generally and the risks inherent in the individual positions and portfolio as a whole.

Reports:

Each of the Funds will prepare and mail to each investor a financial report audited by such Fund's independent auditors, as soon as reasonably practicable after the end of each fiscal year. Investors will also receive unaudited performance reports at least quarterly. With respect to each of the Domestic Funds, each investor will receive tax information that is necessary for the completion of such investor's U.S. tax returns.

Performance results for managed accounts are calculated on at least a quarterly basis and reported to the investor as soon as reasonably practicable.

Item 14 – Client Referrals and Other Compensation

SMC may from time to time utilize third-party placement agents which receive compensation that may be borne either by SMC or by the investor, for referring investors to the Fund or other investment vehicles managed by SMC.

In the event that SMC was to pay referral fees to unaffiliated parties, such fees would be paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act

of 1940 and the rules set forth by the respective state jurisdictions. SMC would execute a written agreement between itself and the solicitor and/or referring party. Clients referred through such arrangements will receive from the solicitor a copy of SMC's Form ADV Part 2 and a copy of the disclosure document describing the terms and conditions of the solicitation arrangement, including the compensation paid to the solicitor. Generally, the compensation paid to the solicitor from SMC would be based upon the revenue (fees) generated by the client accounts referred and retained by the referring solicitor.

SMC has entered into agreements on behalf its Private Funds of Funds with certain brokers-dealers that act as prime brokers on behalf of such Funds. From time to time, SMC's personnel may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by those prime brokers. These conferences and programs may be a means by which SMC can be introduced to potential investors in the Funds. Currently, neither SMC nor the Funds compensate prime brokers for organizing such "capital introduction" events or for any investments ultimately made by prospective investors attending such events (although either may do so in the future). While such events and other services provided by a prime broker may influence SMC in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Funds, SMC will not commit to allocate a particular amount of brokerage to a broker-dealer in any such situation.

Item 15 – Custody

SMC does not serve as the qualified custodian of any of the assets owned by the Private Funds and does not maintain physical custody of any securities or cash owned by the Private Funds. However, SMC is deemed by the applicable regulatory rules to have constructive custody of the assets of each Private Fund. SMC satisfies the applicable regulatory requirements related to custody by, among other things, ensuring that each Private Fund is subject to an annual audit by an independent, PCAOB-registered and examined accounting firm, and that such audited financial statements are provided to the investors in each Private Fund within 120 days (or 180 days in the case of funds of funds) of the applicable fund's fiscal year end.

Separate account clients of SMC should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. SMC urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our

statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

As noted in Item 4, SMC and the Sub-managers have full discretionary authority to manage the Funds and Managed Accounts (with the sole exception of Aozora-SMC Alternative Strategies Fund, Ltd. which is managed by SMC on a non-discretionary basis), including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. SMC's authority is limited by its own internal policies and procedures and each Fund's or Managed Account's investment guidelines.

Item 17 – Voting Client Securities

The SEC has adopted Rule 206(4)-6 under the Advisers Act. Under this rule, a registered investment adviser that exercises voting authority over client securities is required to implement proxy voting policies and describe those policies to its Clients. Although some matters voted on by SMC on behalf of its entities might not be considered conventional "proxy votes" for issuers of listed equity securities, nevertheless SMC applies the basic requirements of Rule 206(4)-6 to its votes on behalf of all of its entities.

SMC primarily provides investment advisory services to its Clients, whose investment programs involve investing assets in underlying hedge funds. SMC has authority to vote on matters relating to, or give approval/consent to amendments proposed by, such underlying hedge funds. However, SMC does not have proxy voting authority with respect to issuers of securities in which the underlying hedge funds invest.

SMC also provides investment advisory services to the New World Fund, and to the extent applicable the Asset Allocation Fund (both direct Funds) and Managed Accounts. The New World Fund invests in a broad range of listed equity securities. With respect to its Managed Accounts Clients, SMC assumes responsibility for voting of proxies and other corporate actions. However, such Managed Account Clients are predominantly invested (outside of the client mandate to invest in underlying Portfolio Managers) in fixed income securities, and accordingly SMC generally are not solicited to vote proxies for such fixed

income securities on behalf of these Clients. Where Managed Account Clients contain equity securities held at the Client's direction and where SMC is required to vote (or provide instruction on how to vote) on such equities, SMC utilizes policies and procedures that are reasonably designed to ensure that proxies for the New World Fund and separate accounts are voted in the best interests of its Clients.

When SMC receives voting ballots on behalf of its separate accounts portfolio holdings, each vote will be cast, if at all, on a case-by-case basis, in accordance with SMC's Proxy Policies and Procedures, taking into consideration SMC's obligations to its Clients and all other relevant facts and circumstances.

With respect to SMC's private equity funds where SMC is in a position to vote proxies, SMC has overall responsibility for making all proxy voting decisions in accordance with SMC's Proxy Policies and Procedures.

The responsibility for voting proxies with respect to the New World Fund has been delegated to SMC and the Portfolio Manager of the New World Fund or its designee. When SMC receives voting ballots on behalf of New World Fund portfolio holdings, each vote will be cast, if at all, on a case-by-case basis, in accordance with SMC's Proxy Policies and Procedures, taking into consideration SMC's obligations to the fund's Shareholders and all other relevant facts and circumstances.

Please note that although the proxy voting process is well established in the United States, voting the proxies of foreign companies may involve a number of logistical challenges that could have a detrimental effect on SMC's ability to vote such proxies. The logistical challenges include language barriers, untimely or inadequate notice of shareholder meetings, restrictions on a foreigner's ability to exercise votes, and requirements to vote in person. In addition, the security may be in a share blocking market. "Share blocking" markets are markets in which proxy voters have their securities blocked from trading during the period of the annual meeting. The blocking period typically lasts anywhere from a few days to 2 weeks. During such period, any portfolio holdings in these markets cannot be sold without a formal recall. The recall process can take time, and in some cases, cannot be accomplished at all. Such proxies are voted on a best-efforts basis given the above logistical and share-blocking challenges.

Where a proxy proposal raises a material conflict of interest between SMC's interests and an interest of any Client, SMC will resolve such conflict by (1) if the proposal is addressed by SMC's specific proxy policies, SMC will vote in accordance with such policies or (2) if SMC believes it is in the best interests of the Client to depart from its policies: (a) SMC will vote

such proxy as it determines is in the best interest of the relevant Client (even though it may be against the interest of SMC) and memorialize the rationale for such vote, or (b) SMC will vote in a way that may also benefit, or be perceived to benefit, SMC's own interest and memorialize the rationale for such vote, provided that SMC: (i) delegate the voting decision for such proxy proposal to an independent third party; (ii) delegate the voting decision to an independent committee of representatives of the relevant Client, as applicable; or (iii) inform the Client of the conflict of interest and obtain majority consent to vote the proxy as recommended by SMC.

If you would like to receive detailed Proxy Policies and Procedures or if you have any questions concerning our policy, please contact the Compliance Department at 212-292-8300, or write to address referenced in Item 1.

Class Action Law Suits

From time to time, SMC may receive notices regarding class action lawsuits involving securities that are or were held by the Funds. As a matter of policy, SMC refrains from serving as the lead plaintiff in class action matters and also refrains from submitting proofs of claim where SMC believes that either the recovery amounts are likely to be negligible or SMC cannot be assured of confidential treatment of the data submitted in connection with the proof of claim. As a result, SMC, in most cases, does not participate in class action law suits.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SMC's financial condition. SMC 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.

Privacy Notice

Your privacy is very important to us. This Privacy Notice sets forth the policies of Spring Mountain Capital, LP (the “Partnership”), its funds and managed accounts with respect to non-public personal information about our investors and managed account Clients, and prospective and former investors and managed account Clients. These policies apply to investors in our funds and managed accounts and may be changed at any time, provided a notice of such change is given to you.

You provide us with personal information, such as your address, social security number, assets and/or income information (i) in the Subscription Agreement and related documents; (ii) in correspondence and conversations with the Partnership's representatives; and (iii) through transactions with the Partnership, its funds and managed accounts.

We do not disclose any of this personal information about our investors and managed account Clients, and prospective and former investors and managed account Clients to anyone, other than to our affiliates, such as the management company of the Partnership, and except as permitted by law, such as to our accountants, attorneys, auditors, brokers, regulators and certain service providers, in each case, only as necessary to facilitate the acceptance and management of your investment or account and our relationship with you. We will also release information about you if you direct us to do so, if compelled to do so by law, or in connection with any government or self-regulatory organization request or investigation. For example, it may be necessary, under anti-money laundering and similar laws, to disclose information about our investors and managed account Clients in order to accept subscriptions from them.

Each investor acknowledges that under Delaware law other investors in the Partnership may be entitled to review the books and records of the Partnership and are entitled to see a list of investors and their Capital Commitments or Capital Contributions. Each investor explicitly consents to disclosure of the fact of his or her investment in the Partnership, his or her mailing address and his or her Capital Commitment or Capital Contribution to other investors in the Partnership.

We may also disclose information you provide to us to companies that perform marketing services on our behalf, such as our placement agent. If such a disclosure is made, we will require such third parties to treat your private information with confidentiality.

We seek to carefully safeguard your private information and, to that end, restrict access to non-public personal information about you to those employees and other persons who need to know the information to enable the Partnership to provide services to you. We

maintain physical, electronic and procedural safeguards to protect your non-public personal information from unauthorized use.

Lastly, as required by federal law, we will provide you with the most current version of our Privacy Policy annually.

For questions concerning our policy, please contact the Compliance Department at 212-292-7050, or write to 65 East 55th Street, 33rd Floor, New York, NY 10022.