

Spruce Private Investors, LLC

Part 2A of Form ADV

The Brochure

One Stamford Plaza
263 Tresser Boulevard
15th Floor
Stamford, CT 06901
www.spruceinvest.com

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This brochure provides information about the qualifications and business practices of Spruce Private Investors, LLC (“Spruce”). If you have any questions about the contents of this brochure, please contact us at 203-428-2600. 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.

Additional information about SPRUCE is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 1: Material Changes

SPRUCE's most recent update to Part 2 of Form ADV was made in March 2011. SPRUCE's business activities have not changed materially since the time of that update. However, in 2011 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by SPRUCE in prior years.

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Item 3: Advisory Business

Spruce Private Investors, LLC ("Spruce") provides investment management services to individually managed client accounts (the "Managed Accounts") directly and through a multi-manager program.

Spruce also provides investment management services to private pooled investment vehicles organized as Delaware limited partnerships, Spruce Absolute Return Fund LP, Spruce Global Equity Fund LP, Spruce Real Assets Fund LP, Spruce Private Investments Fund LP, Spruce Bond Fund LP, Spruce Tax-Exempt Fund LP, Spruce High Income Fund LP, Spruce Liquid Absolute Return Fund LP, Spruce Equity Fund LP (the "Domestic Funds"). In addition Spruce provides investment management services to private pooled investment vehicles organized as Cayman Limited Companies, Spruce Absolute Return Fund (Offshore) Ltd, Spruce Global Equity Fund (Offshore) Ltd, Spruce Real Assets Fund (Offshore) Ltd (the "Cayman Funds"). The interests in these funds are offered to investors on a private placement basis, pursuant to Section 3(c)(1) and Section 3(c) (7) of the Investment Company Act of 1940, to persons who are "accredited investors" as defined under the Securities Act of 1933 and "qualified purchasers" as defined under the Investment Company Act of 1940. In connection with providing these investment management services, Spruce Capital Management, LLC, an affiliate of Spruce, has been

appointed General Partner with discretionary trading authorization. Spruce has approximately \$3 billion under advisement, approximately 50% of which Spruce invests on a discretionary basis.

Item 4: Fees and Compensation

SPRUCE charges most of its clients an annual investment management fee based on the following schedule:

Option 1: Diversified Portfolio with Management Fee Only

Diversified Portfolio w/ Management Fee

Management Fee	
Assets (\$)	Percent of Assets
First \$50,000,000	0.75%
Next \$50,000,000	0.40%
Next \$100,000,000	0.20%
And Above...	0.10%

** Requires a blend of traditional and alternative investments, and subject to minimum annual fee of \$100,000*

Option 2: Alternative Investments Only with Management Fee Only

Alternatives Only w/ Management Fee

Management Fee	
Assets (\$)	Percent of Assets
First \$50,000,000	1.50%
Next \$50,000,000	1.00%
Next \$100,000,000	0.75%
And Above...	0.50%

** Subject to a minimum annual investment of \$5 million*

SPRUCE imposes a minimum annual fee of \$100,000, which may be waived or reduced.

SPRUCE charges fees monthly and/or quarterly in arrears based on the account value at the end of the prior month/quarter. Most clients authorize SPRUCE to deduct fees automatically from their custodial accounts, but clients may request that SPRUCE send monthly invoices to be paid by check.

To the extent provided for in each Fund's investment management agreement or limited partnership agreement, each Fund bears its own expenses, including investment expenses related to each Fund and its investments, including, without limitation, the management fee, fees and expenses charged by managers of portfolio investments and other expenses related to the purchase and sale of securities (such as brokerage commissions; expenses relating to short sales; clearing and settlement charges; custodial fees; bank service fees and interest expenses; borrowing costs); legal expenses; professional fees (including, without limitation, expenses of consultants and experts) relating to investments; accounting expenses (including the cost of accounting software packages); auditing and tax preparation expenses; costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses (including filing fees); organizational expenses; fees to an administrator of each Fund.

Item 5: Performance Based Fees and Side-by-Side Management

SPRUCE does not charge any performance fees.

Item 6: Types of Clients

Spruce primarily provides customized investment management services to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or other business entities through the Managed Accounts. In addition, Spruce provides advice and oversight to proprietary private investment funds and are exempt from registration under Section 3(c)(7) of the Investment Company Act of 1940. Investors in the Funds generally include those persons and entities identified above.

Item 7: Methods of Analysis, Investment Strategies and Risk of Loss

We provide investment advice to the types of investments including but not limited to exchange-listed securities, securities traded over the counter, foreign issuers, municipal securities, mutual funds, option contracts, futures contracts, partnerships investing in real estate and oil and gas interests. In addition we provide advice with respect to other private investment fund interests including the proprietary Absolute Return Fund LP, Global Equity Fund LP, Spruce Real Assets Fund LP, Spruce Private Investments Fund LP, Spruce Bond Fund LP, Spruce Tax-Exempt Fund LP, Spruce High Income Fund LP, Spruce Liquid Absolute Return Fund LP, Spruce Equity Fund LP, Spruce Absolute Return Fund (Offshore) Ltd, Spruce Global Equity Fund (Offshore) Ltd, Spruce Real Assets Fund (Offshore) Ltd.

Material, Significant or Unusual Risks Relating to Investment Strategies.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by Spruce. These risk factors include only those risks Spruce believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by Spruce.

Equity Securities. The Funds may invest in equity securities and equity derivatives. The value of these portfolio investments generally will vary with the performance of the issuer and movements in the equity markets. As a result, a Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from Spruce's expectations or if equity markets generally move in a single direction and such Fund has not hedged against such a general move. A Fund also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Debt Securities Generally. The Funds expect to invest in private and government debt securities and instruments. The Funds may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

General Risks of Investing in Portfolio Investments. Any investment in financial instruments carries certain market risks. An investment in the Funds is highly speculative and involves a high degree of risk due to the nature of the Funds' investments and the investment strategies and trading strategies to be employed. An investment in one or more Funds should not in itself be considered a balanced investment program. Investors should be able to withstand the loss of their entire investment.

Leverage; Interest Rates. The Funds may "leverage" their investment returns with options, swaps, forwards and other derivative instruments. While leverage presents opportunities for increasing the total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent that leverage is employed. The effect of the use of leverage by a Fund could result in a loss to such Fund that would be greater than if leverage were not employed. The Funds are also permitted to incur debt for cash management purposes, to bridge or otherwise fund investments and/or to fund withdrawal payments. To the extent that a Fund incurs debt, the rates at which such Fund can borrow will affect the operating results of such Fund.

Hedging Transactions. The Funds may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, forward contracts, both for investment purposes and for risk management purposes, for various reasons, including to: (i) protect against possible changes in the market value of its investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) enhance or preserve returns, spreads or gains (including unrealized gains) on any investment in its portfolio; or (iii) hedge the interest rate or currency exchange rate on any of its liabilities or assets.

Spruce may not anticipate a particular risk so as to hedge against it. In addition, hedging transactions may result in a poorer overall performance of a Fund than if it had not engaged in any such hedging transaction. The success of the hedging strategy of a Fund is subject to Spruce's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the a Fund's hedging strategy is also subject to Spruce's to continually recalculate, readjust and execute hedges in an efficient and timely manner.

Short Selling. Spruce may engage in short selling. Short selling involves selling securities which 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 declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as 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.

The Funds' method of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior,

which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

High Yield Securities. The Funds may invest in bonds or other fixed income securities, including without limitation "higher yielding" (including non-investment grade) debt securities. Such securities are generally not exchange traded and, as a result, these Portfolio Investments trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. In addition, the Funds may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing Portfolio Investments. High yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. High yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High Yield securities may also not be protected by financial covenants or limitations on additional indebtedness.

Exchange Traded Funds. The Funds may invest in ETFs, which are shares of publicly-traded unit investment trusts, open-end funds, or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. In addition, the Funds may bear, along with other shareholders of an ETF, their pro rata portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of a Fund's expenses (e.g., the Management Fee and operating expenses), investors may also indirectly bear similar expenses of an ETF, which can have a material adverse effect on the return on capital of a Fund.

Risks Associated with Investments in Distressed Assets. The Funds may invest in distressed assets and portfolios of distressed assets, including high yield securities and non-investment grade obligations of U.S. and non-U.S. companies (including companies in significant financial or business difficulties), delinquent and charged-off consumer loans, commercial and residential mortgage loans, small business loans and real estate. Although such investments may result in significant returns to the Funds, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high.

There is no assurance that Spruce will correctly evaluate the value of the collateral (if any) in the loans and securities purchased by the Funds or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Fund invests, such Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment

over an extended period of time. Under such circumstances, the returns generated from the investments may not compensate the investors adequately for the risks assumed.

Global Investments. The Funds may invest a portion of their net assets in the real estate, public and private securities, debt, loans or other securities of issuers located outside the United States. The success of the Funds' global investment activities will be affected by macroeconomic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of such investments), trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of such investments. Volatility or illiquidity could impair the profitability of these investments or result in losses.

The economies of individual non-U.S. countries may differ favorably or unfavorably from non-U.S. economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Emerging Markets. Investment in emerging market securities involves a greater degree of risk than investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions, and a greater likelihood of severe inflation, unstable currency, war and/or expropriation of personal property than investments in securities of issuers based in developed countries. In addition, investment opportunities in certain emerging markets may be restricted by legal limits on non-U.S. investment in local securities.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for a security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for such securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the governments or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The issuers of some non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and, therefore, potentially carry greater risks. Custodial expenses for a portfolio of emerging markets

securities generally are higher than for a portfolio of securities of issuers based in developed countries.

Exchange Rate Fluctuations; Currency Considerations. The Funds may invest a portion of their assets in the securities of issuers that are not located in the United States, as well as in other investments that are denominated in local currencies other than the U.S. dollar. The Funds, however, values their securities and other assets in U.S. dollars. The Funds may seek to hedge their currency exposure, but it may not always be practicable or economical to do so. To the extent unhedged, the value of the Funds' positions in investments will fluctuate with the exchange rate of the U.S. dollar, as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Funds make their investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of such securities in their local markets and may result in a loss to the Funds. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect.

The Funds may seek to protect the value of some portion or all of their portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective. The Funds may enter into forward contracts on currencies, as well as purchase put or call options on currencies, in various markets. In order to hedge against adverse market shifts, the Funds may purchase put and call options on stocks, and write covered call options on stocks. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time when a Fund wishes to use them or will be able to be liquidated when a Fund wishes to do so. Moreover, in certain emerging countries in which the Funds may invest, the markets for certain of these hedging instruments are not highly developed and in many emerging countries no such markets currently exist. Many emerging markets have hyper-inflationary economies where the risks associated with holding currency are significantly greater than in other, less inflationary markets. In addition, the Funds may choose not to enter into hedging transactions with respect to some or all of their positions.

Relative Value Strategies. The Funds may invest in relative value strategies. Relative value strategies involve taking offsetting long and short positions in comparable securities which have either an economic or mathematical relationship to each other and where a distortion exists between either the historical price or the fair value of that relationship. These strategies may include merger arbitrage, convertible arbitrage, intra-industry pairs trades, cross-holdings and capital structure trades. Although there is an economic or mathematical relationship between such long and short positions, there is no guarantee that Spruce's assessment of that relationship will be correct. Furthermore, because the Funds' strategies involve short selling, there is a risk that a Fund will not be able to maintain its ability to borrow securities that have been sold short.

Counterparty Credit Risk. Many of the markets in which the Funds effect their transactions are not "exchange-based," including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight to which members of "exchange based" markets are subject. To the extent that a Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, such Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded

transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or a Fund has concentrated its transactions with a single or small group of counterparties. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. The ability of the Funds to transact business with any one or number of counterparties, the lack of any independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

Item 8: Disciplinary Information

SPRUCE and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 9: Other Financial Industry Activities and Affiliations

Spruce Capital Management, LLC, a related person to Spruce, acts as the general partner of the Funds. Certain of Spruce's clients with individually managed accounts may invest in the Funds. Absent specific authority, Spruce does not exercise discretionary authority with respect to such clients' decision to invest in the Funds.

Item 10: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Spruce's partners, officers and employees may from time to time make personal investments in securities or instruments in which Spruce or its affiliates may invest the Funds' and/or Managed Accounts' assets. Spruce's personnel may buy, sell, or hold securities or other instruments for their own accounts while entering into different investment decisions for one or more Funds Managed Accounts.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Spruce, its affiliates, and personnel (each an "Advisory Affiliate" and, collectively, the "Advisory Affiliates"). Spruce 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 Managed Accounts. The Advisory Affiliates may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for the Funds or 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 may pay different levels of fees to Spruce.

In addition, Spruce 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 or Managed Accounts with similar investment programs, objectives, and strategies. Accordingly, Funds and Managed Accounts with similar strategies may not hold the same securities or instruments or achieve the same performance. Spruce also may advise Funds and/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 and/or Managed Accounts. Finally, Spruce and its personnel may have conflicts in allocating their time and services among the Funds and/or Managed Accounts. Spruce will devote as much time to each Fund and/or Managed Account as Spruce deems appropriate to perform its duties in accordance with its management agreements. Spruce recognizes that conflicts may arise under such circumstances and will endeavor to treat all Funds and Managed Accounts fairly and equitably.

Spruce 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, Spruce has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: 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 and 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 trades by employees, including that they disclose their personal securities holdings and transactions to Spruce on a periodic basis, and requires that employees preclear certain types of personal securities transactions.

Investors may request a copy of the Code by contacting Spruce at the address or telephone number listed on the first page of this document.

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

Spruce's Insider Trading Policies prohibit Spruce 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, Spruce may have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. Spruce 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 Spruce, as well as prevent trading based on Inside Information. Accordingly, Spruce 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 Spruce either may receive Inside Information due to its various activities on behalf of itself or the Funds and/or Managed Accounts or may be restricted in acting for the Funds and/or Managed Accounts, resulting in limited liquidity or using such information for the benefit of certain clients in specific securities. Spruce 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.

Item 11: Brokerage Practices

In selecting brokers, banks, and dealers to effect portfolio transactions, the General Partner for the Domestic Funds and Spruce for the Cayman Funds and the Managed Accounts, seeks best execution and has authority to and may consider such factors as price, size of order, difficulty of execution, the ability of the brokers, banks, and dealers to effect the transaction, operational facilities of the firm involved and the firm's risk in positioning a block of securities, reliability and financial responsibility and any products or services provided by such brokers, banks, and dealers. Such products and services generally may be of benefit to the Funds and Managed Accounts but may not directly relate to transactions on behalf of any particular Fund or Managed Account or any investment companies in which a Fund or Managed Account is invested. Accordingly, if Spruce or the General Partner determines in good faith that the amount of transaction costs (e.g., commissions, markups, and markdowns) imposed by a broker, bank, or dealer is reasonable in relation to the value of the products or services provided by such broker, bank, or dealer, Spruce or the General Partner may incur transaction costs to such broker, bank, or dealer in an amount greater than the amount that might be incurred if another broker, bank or dealer were used. Products or services may include research reports on particular sectors, industries, and companies, written information and analyses concerning specific securities, economic surveys and analyses, statistics and pricing or appraisal services, as well as discussion with research personnel, recommendations as to specific securities and other products or services (e.g., quotation equipment and computer-related costs and expenses) providing lawful and appropriate assistance to Spruce or the General Partner in the performance of its investment decision-making responsibilities. "Soft dollar" payments or rebates of amounts paid to brokers, banks, and dealers may arise from over-the-counter principal transactions, as well as exchange traded agency transactions.

The use of commissions or "soft dollars" to pay for research products or services will generally fall within the safe harbor for soft dollars created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under Section 28(e), research obtained with soft dollars may be used by Spruce or the General Partner to service other accounts. Soft dollar benefits are not allocated to clients proportionally, but are allocated on a 'best-efforts' among the Spruce Funds. Where a product or service obtained with commission dollars provides both research and non-research assistance, Spruce and the General Partner will generally make a reasonable allocation of the cost

which may be paid for with commission dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Spruce's allocation of the costs of such benefits and services between those that primarily benefit Spruce and those that primarily benefit the Funds and Managed Accounts.

In no case will Spruce make binding commitments as to the level of brokerage commissions it will allocate to a broker, bank or dealer nor will it commit to pay cash if any informal targets are not met. A broker, bank or dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Item 12: Review of Accounts

Spruce reviewers, who are listed in part 2B, have the primary responsibility for reviewing client accounts. The number of accounts assigned to each reviewer varies as a result of differing client characteristics and requirements. The individual who is in charge of leading the account review is in charge of the client relationship. Gil Orbach and John Bailey work collectively on client analysis and reviews.

The Managed Accounts and Spruce Funds are reviewed regularly for diversification, performance, risk tolerance, and to ensure consistency with each Managed Account's and/or Fund's investment guidelines.

Investors in the Spruce Funds receive monthly statements from SEI Global Services, Inc, the Funds' administrator, documenting the capital account balance and performance of their account. Spruce sends to each Managed Account owner and Fund investor a monthly statement which documents the performance of their entire portfolio. Spruce Funds auditors prepare K-1's and tax reports and audited financial statements to Spruce Fund investors concerning their respective funds within 180 days of the end of the Fund's fiscal year.

Item 13: Client Referrals and Other Compensation

Spruce does not compensate for referrals.

Item 14: Custody

All clients' accounts are held in custody by unaffiliated broker/dealers or banks. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Spruce.

Item 15: Investment Discretion

Spruce has the authority, with regard to most of its clients, to determine the securities to be bought and sold and the amount and price of those securities. Spruce's authority is limited by its own internal policies and procedures and each Fund's or managed account's investment guidelines. Spruce effects transactions for client accounts primarily in hedge funds and mutual funds.

For non-discretionary clients, Spruce creates a recommended Asset Allocation and Implementation Schedule on an ongoing basis. Upon authorization from the client, the implementation will be completed.

Investment policy statements are crafted for most clients. Certain clients require that every security transaction recommended by Spruce be authorized in advance and other clients have given us the authority to rebalance their portfolio on a routine basis.

Item 16: Voting Client Securities

Spruce has not engaged in proxy voting in 2010. Spruce has authority to vote the securities held by the Spruce Funds and has adopted proxy voting policies and procedures (“Proxy Policy”) as required by the Advisers Act. The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any (collectively, “proxies”), in a manner that serves the best interests of the Spruce Funds, as determined by Spruce in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, Spruce may refrain from voting proxies where Spruce believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to the Spruce Funds. Clients may obtain a copy of Spruce’s Proxy Policy and its proxy voting record by contacting Spruce.

Item 17: Financial Information

Spruce has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.