

Item 1 – Cover Page

**ADV Part 2A and B: FIRM BROCHURE**

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This brochure provides information about the qualifications and business practices of BlueSpruce Investments, LP (“BlueSpruce”). If you have any questions about the contents of this Brochure, please contact us at (312) 533-3800 or [eludwig@bluesprucelp.com](mailto:eludwig@bluesprucelp.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

BlueSpruce is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain 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 BlueSpruce also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

The SEC requires registered investment advisers to provide clients with Form ADV Part 2, which contains clearly written and meaningful disclosure, in plain English, about the adviser's business practices, conflicts of interest and advisory personnel. The Form ADV 2 is divided into two parts, Part 2A and Part 2B. Part 2A of the Form (the "Brochure") provides information about a variety of topics relating to an adviser's business practices and conflicts of interest. Part 2B of the Form (the "Brochure Supplement") provides information about certain advisory personnel.

BlueSpruce believes that communication and transparency are of the utmost importance and strives to provide limited partners with complete and accurate information. BlueSpruce encourages all current and prospective investors to read this Brochure and to discuss any questions that may arise with BlueSpruce or with such current or prospective investors' financial and legal advisers.

This is BlueSpruce's initial filing of the Brochure. In future amendments to the Brochure, this Item 2 will discuss only specific material changes (if any) that are made to the Brochure pursuant to such amendments and provide a summary of such changes. In such future amendments, BlueSpruce will also reference, in this Item 2, the date of its last annual update of the Brochure. Pursuant to SEC Rules, BlueSpruce will ensure that clients receive an updated annual Brochure or a summary of any material changes to the Brochure within 120 days of the close of BlueSpruce's fiscal year. Additionally, BlueSpruce may, on an ongoing basis, disclose other material changes as required by SEC Rules.

Currently, BlueSpruce's Brochure may be requested by contacting Edward Ludwig at (312) 533-3800. The Brochure is also available, free of charge, from the SEC's Investment Advisor's Public Disclosure Website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). The SEC's website also provides information about any persons affiliated with BlueSpruce who are registered as investment adviser representatives of BlueSpruce.

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## **Item 4 – Advisory Business**

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

### **Firm Description**

Founded in February 2013, BlueSpruce Investments, LP, a Delaware limited partnership (“BlueSpruce” or the “Investment Manager”), serves as the investment manager for and provides discretionary investment advisory services to the following investment funds: (i) BlueSpruce Fund LP, a Delaware limited partnership (the “Onshore Fund”); (ii) BlueSpruce Fund Ltd., a Cayman Islands limited company (the “Offshore Fund” and, collectively with the Onshore Fund, the “Feeder Funds”); and (iii) BlueSpruce Master Fund LP, Delaware limited partnership (the “Master Fund”).

The Feeder Funds invest all of their respective assets into the Master Fund. The purpose of the Master Fund is to achieve certain administrative efficiencies and to offer terms suitable to the particular needs of various types of investors; the Master Fund has no limited partners other than the Onshore Fund and the Offshore Fund.

All of the funds referenced above are collectively referred to herein as the “Funds” and each as a “Fund,” unless otherwise required by the context. Accordingly, where applicable, the discussion herein relating to activities of a Fund includes activities engaged in through the Master Fund and/or any other arrangement utilized by the applicable Fund for investments, financing arrangements or other transactions or businesses, as applicable.

### **Principal Owners/Ownership Structure**

BlueSpruce is a limited partnership of which the general partner is controlled by Timothy Hurd (the “Principal”).

The Onshore Fund, the Offshore Fund and the Master Fund will be owned on an as-of-yet to be determined percentage by their general partner, BlueSpruce Fund GP LLC (the “General Partner”), with the remainder owned by each Funds’ respective limited partners and/or shareholders (as the case may be) pro rata according to each investor’s capital commitment. The General Partner is controlled by the Principal.

For more information about BlueSpruce’s owners and executive officers, see BlueSpruce’s Form ADV Part 1, Schedule A.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

Pursuant to its investment management agreement with the Funds (the “IMA”), BlueSpruce is responsible for each Fund’s day-to-day management and has ultimate authority over all investment decisions, asset acquisitions and dispositions, distributions and Fund affairs generally. This Brochure will generally refer to trading activities on behalf of the Funds, but as previously mentioned, all of the trading on behalf of the Onshore Fund and the Offshore Fund occurs at the Master Fund level.

The Funds seek to deliver high risk-adjusted absolute returns by leveraging BlueSpruce founders’ private equity background. Specifically, the Funds aim to combine seasoned business judgment, a fundamental value-oriented research approach, rigorous due diligence and a long-term investment horizon, married with patient capital in the form of a 3 year lock-up. The Funds maintain a concentrated portfolio, targeted to hold publically listed U.S. domestic equities and cash (and/or mispriced income-yielding loans and securities). Each Fund may also utilize various hedging strategies for risk management purposes.

BlueSpruce has full discretion in trading on behalf of the Funds.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

The advisory services provided by BlueSpruce to the Funds are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the governing documents of the Funds and/or the IMA. BlueSpruce provides investment advice directly to the Funds and not to investors in the Funds individually. It does not require, nor does it seek, approval from the Funds or the investors in the Funds with respect to its trading, nor does it accept investment restrictions imposed by such investors (although it may agree to exclude certain investors from certain investments made by the Funds).

Accordingly, BlueSpruce does not tailor its advisory services to the individual needs of investors in the Funds, provided, however, in order to comply with certain legal and regulatory requirements, there may be instances that a limited partner may not participate in an investment by the Fund (such as with respect to “new issues”) and appropriate measures will be taken by the respective Fund to comply with such laws and regulations. The Funds

or BlueSpruce, however, may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund's governing documents. Such rights include notification and disclosure rights, certain fee arrangements, transfer rights, and certain withdrawal or redemption rights, among others. BlueSpruce generally expects to enter into side letters only with Fund investors who make substantial commitments of capital. Side letter provisions will be typically negotiated prior to investment.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

BlueSpruce does not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.**

As of the date of this Brochure, none of the Funds has commenced trading activities or has any assets under management.

## **Item 5 – Fees and Compensation**

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

In consideration for the investment management services provided to the Funds, pursuant to the IMA, the Master Fund pays to BlueSpruce (on behalf of each Feeder Fund) a quarterly management fee equal to 0.375% (1.5% annually) of the Master Fund's net asset value (the "Management Fee") attributable to each Feeder Fund as of the first day of each calendar quarter (prorated for partial periods and calculated prior to the accrual of the Incentive Allocation, as defined and discussed in Item 6 below). Management Fees are payable without regard to the overall success or income earned by a Fund. No separate Management Fee shall be paid by the Onshore and/or Offshore Fund.

In addition, as described in Item 6 below, the General Partner, which is an affiliate of BlueSpruce, acts as general partner of the Master Fund and receives performance compensation with respect to each calendar year (or other applicable period), typically 20% of net profits allocated to each investor on an annual basis, payable at the end of each year or other period, as the case may be.

BlueSpruce, in its sole discretion, may elect to reduce or waive the Management Fee with respect to any limited partner and/or shareholder (or other direct or indirect investor in the Master Fund), including principals and employees of the Investment Manager or its affiliates. In such event, the amount of the Management Fee paid by the Master Fund to the Investment Manager will be adjusted accordingly. The Principal or other employees of BlueSpruce may receive a portion of the Management Fees, Incentive Allocation or other compensation received by BlueSpruce or the General Partner.

**It is critical that Fund investors refer to the constituent documents for the applicable Feeder Fund for a complete understanding of how BlueSpruce is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.**

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

Management fees are deducted from each investor's capital account by the Master Fund. Fund investors do not have the ability to choose to be billed directly for fees incurred.

The Management Fee generally is paid from the Master Fund to BlueSpruce on behalf of each Feeder Fund quarterly in advance. BlueSpruce deducts the amount of the Management Fee applicable to each Fund investor at the beginning of each quarter.

Generally, the Incentive Allocation applicable to each Fund investor will be made (at the Master Fund level) to the General Partner as of the end of each year, on a high watermark basis. The Incentive Allocation applicable to a Fund investor may be made at the time such investor withdraws or redeems (as the case may be) from the applicable Feeder Fund. BlueSpruce deducts the amount of the Incentive Allocation applicable to such an investor at such time.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

Each Feeder Fund's investors share on a pro rata basis all of its respective Fund's, as well as such Fund's pro rata share of the Master Fund's, operating and other expenses including, but not limited to: the Management Fee, legal and accounting services, investment-related expenses (including, without limitation, commissions, clearing fees, fees, interest and other costs on margin accounts or other financings or re-financings, borrowing charges on securities sold short, custodial fees, bank service fees; investment and trading consultant expenses, research expenses (including travel related research expense), pricing and quotation fees and expenses, portfolio management expenses, expenses in connection with proposed transactions (including transactions that fail to close), liability insurance premiums, and any other reasonable expenses (as determined by the General Partner in its sole discretion) related to the purchase, sale, holding or transmittal of assets or liabilities), expenses relating to maintaining the registered offices of the General Partner and the Master Fund in the Cayman Islands, expenses relating to all necessary filings with and all fees required by any U.S. federal or state government agency, the Cayman Islands Registrar or other U.S. or foreign government body, third-party administrator fees, extraordinary expenses and other similar expenses.

Subject to the foregoing, the Investment Manager will bear all fixed overhead expenses required for the management of the Funds (other than such costs as are borne by such Funds as described above, including third-party administrator fees).

Each Fund's investors are also responsible for the formation and organizational expenses of their respective Fund and such Fund's pro rata share of the Master Fund's organization expenses. Each Fund's organizational expenses are amortized over a period that is up to 60-months in length, unless such treatment results in adverse regulatory or accounting consequences in which case the Fund may, in the discretion of the General Partner, adopt alternative approaches to expensing and/or amortizing such expenses.

To the extent Fund expenses are advanced by the General Partner and/or the Investment Manager on behalf of a Fund, such expenses will be promptly reimbursed. Such expenses shall generally be allocated among the capital accounts of all limited partners/shareholders as of the end of the calendar month in which such expenses are payable; provided, however, that the General Partner, in its sole and absolute discretion, may allocate expenses to each limited partner's/shareholder's capital account over one or more months to accurately reflect the accrual of any such expenses. If an investment is redeemed at any time other than at the end of a fiscal year, any accrued expenses will be paid to the Investment Manager at such time.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund are set forth in the respective Fund's governing documents and/or other documentation received by each investor prior to making an investment in such Fund. The amount of Management Fees, fund expenses and any offset thereof may differ from one



Fund to another, as well as among investors in the same Fund.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Management fees applicable to the Funds are paid quarterly in advance as described in the IMA and/or the governing documents of each Feeder Fund.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

Not applicable (with respect to all of Item 5.E and its sub-parts).

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

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

As described above, each Feeder Fund invests all of its assets in the Master Fund. The Master Fund maintains capital accounts for each Feeder Fund broken down by capital contribution that in turn correspond to the individual capital accounts of the underlying investors in each Feeder Fund (the “Sub-Capital Accounts”). Accordingly, the gain or loss attributed to each investor’s capital account in the applicable Feeder Fund is based upon the appreciation or depreciation in the net asset value of the Master Fund, which is generally allocated pro rata to the Sub-Capital Accounts.

Generally, on the last calendar day of each fiscal year (or earlier upon the withdrawal from any capital account), subject to a “high water mark” (as discussed below), the General Partner will be reallocated by the Master Fund 20% of the net profits (the “Incentive Allocation”) allocated to each Sub-Capital Account during such fiscal year. The Incentive

Allocation is determined after taking into account the Management Fee and other expenses debited to the investor's capital account.

The Incentive Allocations are subject to a "high water mark." The high water mark attributable to each Sub-Capital Account corresponds to the net asset value of such Sub-Capital Account immediately following the date as of which the last year-end incentive allocation was determined with respect to such Sub-Capital Account or if no incentive allocation has yet been determined with respect to such Sub-Capital Account, the net asset value of that Sub-Capital Account immediately following its establishment. For so long as the net asset value of such Sub-Capital Account is below such prior calculated net asset value (as adjusted for withdrawals or redemptions and additional subscriptions), the General Partner will not be entitled to receive an Incentive Allocation with respect to such Sub-Capital Account.

In the event that an investor withdraws or redeems all or a portion of its capital account other than at the end of a fiscal year, the net capital appreciation or depreciation, as the case may be, will be determined through the date of withdrawal or redemption as if such date were the end of the fiscal year and be reallocated as set forth above. (Partial withdrawals will result in a pro rata portion of the Incentive Allocation being determined as of such date.)

The Incentive Allocation will be effected at the Master Fund, and no Incentive Allocation (or other performance-based fee or similar compensation) will be effected or paid by either of the Feeder Funds.

This fee structure is described in detail in each Feeder Fund's private placement memorandum and in the governing documents relating to such Feeder Fund that have been distributed to each investor. BlueSpruce may elect, in its sole and absolute discretion, to waive some or all of its Incentive Allocation with respect to certain limited partners/shareholders in the Feeder Funds (or other direct or indirect investor in the Master Fund), including without limitation, limited partners/shareholders that are principals or employees of BlueSpruce or its affiliates.

BlueSpruce's Management Fees, Incentive Allocations and other compensation payable to BlueSpruce and the General Partner are established by BlueSpruce at the time of the establishment of the relevant investment vehicle and may be negotiated with participating investors who are investing pursuant to side letters prior to making their investment. Once the relevant Fund has been established and commenced operations, such compensation and expenses are generally not negotiable, other than with respect to investors who are investing pursuant to side letters.

Once a Fund's fiscal year has ended, any performance-based compensation earned during that year is not subject to reversal. The Incentive Allocation to the General Partner will be

based, in part, on unrealized investment gains of the Master Fund that may never be realized in the event of adverse changes in the value of such investments and thus the allocation may be greater than if it were solely based in realized gains. In addition, because the Incentive Allocation is calculated separately with respect to each Sub-Capital Account, a limited partner or shareholder, as the case may be, could be subject to an Incentive Allocation for a prior period even though such investor's overall investment in a Fund has been unprofitable.

The performance-based compensation received by BlueSpruce and the General Partner creates a conflict between BlueSpruce's interest in earning a profit in the short term with the long-term interests of the Funds and their investors. An incentive-based allocation arrangement may create an incentive for riskier or more speculative investments by BlueSpruce than might be the case in the absence of such performance-based allocation arrangement because these investments may allow BlueSpruce to collect larger incentive-based compensation. Fund investors are provided with clear disclosure as to how performance-based compensation is charged and the risks associated with such performance-based compensation prior to making an investment.

In addition, any such risks would be equally applicable to BlueSpruce's and its affiliate's principals or employees own Sub-Capital Accounts. The Principal has committed to invest a substantial amount of capital in the Funds, thus aligning, to some extent, the interests of BlueSpruce with the interests of the Funds. In addition, the Investment Manager expects to align the interests of its employees involved in managing the Fund with those of the Fund's limited partners by linking a portion of such employees' compensation to the performance of the Fund. Among other matters, the Investment Manager expects to establish a deferred compensation plan for certain of its employees pursuant to which bonus awards would be payable over a multi-year vesting period, during which time such awards would be adjusted to reflect gains and losses of the Master Fund.

As of the date of this Brochure, BlueSpruce does not manage any investment vehicles other than the Funds. Accordingly, there are no conflicts of interest relating to any managed investment vehicles that do not charge a performance fee or allocation.

## **Item 7 – Types of Clients**

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

BlueSpruce provides discretionary investment advice to the Funds, which are pooled investment vehicles operating as private investment funds. Investment advice is provided directly to the Funds and not individually to investors in such Funds.

Each Fund generally limits its investors to persons who are both “accredited investors” as defined in the Securities Act of 1933 and “qualified purchasers” as defined in the Investment Company Act of 1940. Minimum initial contributions for investment in each Fund are \$5 million but contributions less than such amount may also be accepted at the sole discretion of the Feeder Fund’s General Partner or Board of Directors, as applicable.

Investors in the Funds will include U.S. and non-U.S. investors, including, among others, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, trust programs, foreign funds and other U.S. institutions. In addition, principals, employees and other persons associated with BlueSpruce may make capital contributions to the Funds.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

BlueSpruce seeks to deliver high risk-adjusted absolute returns by leveraging the founders’ private equity background. Specifically, the Funds aim to combine seasoned business judgment, a fundamental value-oriented research approach, rigorous due diligence and a long-term investment horizon, married with patient capital in the form of a 3-year lock-up.

BlueSpruce endeavors to achieve attractive long-term absolute returns while minimizing the risk of permanent capital loss. BlueSpruce leverages the private equity backgrounds of its founders and existing networks and performs rigorous due diligence to project expected cash flows and fair value. A critical component of BlueSpruce’s approach to due diligence is intimate familiarity with a company’s accounting, suppliers, buyers, peers, and overall industry trends. As such, BlueSpruce structures its research into industry verticals where experience and contacts can be leveraged and fair value more accurately assessed. Once a fair value range is determined, BlueSpruce targets investments that are meaningfully mispriced and offer both (i) attractive returns and (ii) a margin of safety if BlueSpruce’s assumptions prove to be too aggressive.

BlueSpruce believes that the direction of the capital markets, and by definition the prices of securities that make them up, are impossible to predict consistently over the short term. The Funds’ investments are not immune to natural volatility in the market and its investments

will at times lose value as a result of market or company specific volatility. BlueSpruce's litmus test for making a long-term investment is: "If these securities were to decline further in price, would we want to buy more?" BlueSpruce's long equity approach is focused on finding high quality companies that episodically trade at a discount to fair value. BlueSpruce believes that high quality companies are better able to weather turbulent markets and unpredictable economic environments.

BlueSpruce endeavors to manage risk by causing each of the Funds to hold a combination of: (i) equity securities purchased at a discount to fair value (or sold at a premium to fair value in the case of selling short securities) and carrying diversified risks, (ii) cash and cash equivalents, and (iii) income-yielding assets purchased at a discount to fair value. In addition, each Fund hedges systematic risk (or beta) by shorting indices from time to time.

BlueSpruce will not target a specific rate of return; instead, it will match each Fund's assumed risk, meaning the likelihood and magnitude of capital loss over the long term, with an appropriate expected rate of return. In addition, instead of using meaningful leverage at the Fund level to generate returns, the Funds will invest in companies and securities that prudently use leverage. BlueSpruce's patience, discipline, and unwillingness to invest in unbalanced risk-reward tradeoffs may require the Funds to hold meaningful levels of cash and/or hedge beta; both of which may result in underperformance versus certain peers and indices, particularly in times of prolonged market overvaluation. Ultimately, BlueSpruce anticipates delivering superior returns to the Funds' investors over a period of three or more years, while minimizing the risk of permanent capital loss.

BlueSpruce's investment approach requires a patient investor with a long-term orientation. The three-year lock-up period is consistent with the Funds' overall investment objectives.

BlueSpruce will endeavor to produce superior risk-adjusted returns through a commitment to the following:

*Purchasing securities at a meaningful discount to fair value.* BlueSpruce's investment approach utilizes a fundamental value-oriented private equity research approach in order to identify securities that trade at a meaningful discount to fair value. BlueSpruce triangulates fair value using multiple valuation methods, including discounted cash flows. To increase the likelihood that the Fund purchases securities at a discount to fair value, BlueSpruce (i) uses conservative assumptions (including discount rates) when projecting the value of discounted cash flows and future stock prices and (ii) waits to purchase until such securities trade at a meaningful discount to fair value. This approach is expected to reduce the likelihood of permanent capital loss while increasing the expected return.

*Long-term investment horizon.* BlueSpruce leverages its investment horizon of two to three years to take advantage of short-term volatility and other inefficiencies in the capital markets. Ideally, many of the Fund's long investments will identify catalysts that will accelerate the intersection of market value and intrinsic value, but BlueSpruce may choose to invest regardless, if the discount to fair value is large enough. This long-term focus also gives a Fund flexibility to invest in less liquid securities if BlueSpruce feels that such Fund is receiving appropriate compensation for the opportunity cost of delayed access to cash.

*Absolute return orientation.* BlueSpruce does not have specific targeted returns for the Funds. Instead, BlueSpruce endeavors to identify the risks of any investment and then determine if a Fund is receiving full compensation for that risk. BlueSpruce's primary concern is capital preservation over the long term. To mitigate the risk of permanent capital loss, BlueSpruce takes a conservative approach to projecting cash flows and endeavors to employ a cushion should its assumptions turn out to be too aggressive. Moreover, BlueSpruce is willing to cause a Fund to hold a meaningful cash position if it is unable to find attractive opportunities. BlueSpruce anticipates instances when hedging indices to lower the risk of significant permanent capital loss and/or dampen volatility at the expense of short-term returns will be a prudent approach.

*Commitment to extensive due diligence and fundamental analysis.* BlueSpruce leverages its private equity background and contacts to perform fundamental analysis when evaluating companies. BlueSpruce believes that this bottom-up approach helps it develop a view on the key drivers of a business and project those drivers conservatively. BlueSpruce's primary focus when performing due diligence on an investment opportunity is to understand the company's and/or the security's ability to generate free cash flow, on both a current and future basis, while simultaneously determining the amount of capital required to support those cash flow assumptions.

*Selling investments that trade at fair value or when an investment thesis proves untrue.* BlueSpruce does not intend to cause the Funds to hold securities that are at or near fair value, and will also cause the Funds to sell investments if the investment thesis for making such investments has changed or proven inaccurate. The Funds will instead hold cash or deploy its capital in investments that are trading at discounts to fair value.

*Flexibility to hold cash and/or invest in attractive securities.* Each Fund retains flexibility to invest in all types of securities, preferring to invest in high-quality companies that combine high returns on capital, durable franchise value and long-term growth opportunities when such companies trade significantly below fair value. However, because BlueSpruce can never be sure whether and when those opportunities will arise, it objectively pursues asset classes that offer the best risk-return profiles. In some instances, BlueSpruce may be unable to find

investments that meet its standards and will cause a Fund to hold cash rather than invest. While this could potentially diminish short-term returns and even lead to underperformance in bull markets, this ability and willingness to hold cash is expected to allow a Fund to take advantage of episodic volatility in the market and to be opportunistic while other investors are forced to sell. In periods of distress or illiquidity, fully-invested investors often suffer tremendous opportunity costs due to being unable to exploit opportunities to capture excess returns with limited downside; BlueSpruce endeavors to avoid being precluded from investment opportunities in this manner.

*Concentrated portfolio.* BlueSpruce believes it is better to fully understand a few companies rather than to have a superficial knowledge of a large number of companies. BlueSpruce maintains diversification and yet still creates alpha with less than 20 positions as long as the underlying risks are somewhat diversified. BlueSpruce focuses on identifying the best risk-return opportunities in the marketplace, using deep, fundamental analysis. The intensity of this identification process is intended to preclude a Fund from owning anything other than the investments that BlueSpruce believes are its best opportunities. BlueSpruce believes that its strategy has other benefits as well, including but not limited to, the higher likelihood of long-term capital gains tax treatment as a result of a longer target hold period, lower trading and monitoring costs, and better execution.

The Fund's portfolio construction is tailored to meet its long-term absolute return objectives by targeting the following:

*US Domestic Equities.* At any time, BlueSpruce targets 75% of a Fund's portfolio to be held in US domestic equities and a net long position. The Fund's long equity book tends to be concentrated, with a target of 10-15 positions in high quality companies. In BlueSpruce's view, high quality companies typically, are characterized by at least several of the following characteristics: (i) franchise value that results in predictable, high free cash flow; (ii) strong management teams; (iii) market leading positions in industries that have produced healthy returns over the long run; (iv) defensible market position resulting from barriers to entry; (v) high return on equity and/or capital; (vi) industry leading growth; and (vii) prudent capital structures that support underlying business model.

BlueSpruce maintains a "buy list" of companies that fit the above profile and monitor them continuously. Each company will have its own investment thesis, projections, catalysts, and most importantly, risks, which will be updated and assessed to determine real-time fair value ranges. When trading values fall meaningfully below fair value due to market conditions or overreaction to company-specific news, BlueSpruce's continuous monitoring of companies on its "buy list" will enable BlueSpruce to be opportunistic.

BlueSpruce follows companies within a diverse set of industry verticals that have generated healthy, steady returns over macro and economic cycles. BlueSpruce's focus in particular verticals may shift as industries evolve and valuations swing. Importantly, covering multiple industry verticals in separate segments of the economy is expected to enable the Funds to achieve significant diversification while at the same time limiting the Funds' portfolio to its best available investments.

*Shorting.* While shorting for alpha is not BlueSpruce's primary approach to generating returns, BlueSpruce believes over time there will be opportunities to short both equity and income-yielding assets. BlueSpruce targets companies that have flawed business models as well as several of the following characteristics: (i) low or negative free cash flow, (ii) weak management teams, (iii) challenging industry dynamics, (iv) limited barriers to entry, (v) low return on equity and/or capital or high capital intensity and (vi) challenging capital structure.

BlueSpruce expects from time to time to opportunistically cause the Funds to short securities that (i) share at least a few of the characteristics described above, (ii) are trading at values significantly above fair value, (iii) have identified catalysts to intersect trading value to fair value and (iv) have catalysts that are likely to occur within a few calendar quarters.

In addition to opportunistically shorting individual stocks for alpha, BlueSpruce may potentially reduce the risk of permanent capital loss and dampen beta in the Fund's portfolio by shorting or otherwise hedging indices.

*Cash and/or Mispriced Income-Yielding Loans and Securities.* BlueSpruce's disciplined approach to deploying capital will likely result in periods when the Funds are holding a meaningful cash balance in their portfolios. For example, there may be periods when high quality companies are fairly valued or over-valued relative to fair value and the risk of holding income-yielding assets is not worth the return. Rather than fully invest its capital in an overheated market, BlueSpruce's strategy will be to cause the Funds to hold cash. Depending on the capital markets environment, each Fund's cash balance could be substantial. BlueSpruce understands that this could cause underperformance versus indices and peers in the short-run depending on market movements; however, over the long term, BlueSpruce believes this strategy is consistent with its commitment to a disciplined investment approach.

Following commencement of operations, BlueSpruce anticipates that the Funds will hold substantial amounts of cash while BlueSpruce identifies appropriate investments for the Funds. Following this initial implementation period, BlueSpruce will target approximately 25% of the Fund's portfolio to be held in cash and/or in income-yielding asset classes with attractive risk-return tradeoffs. Such asset classes are expected to include non-investment grade debt and closed-end funds, among other income-yielding assets.



BlueSpruce leverages its existing relationships and knowledge of these asset classes in order to identify attractive opportunities when they arise.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

### **Risk Factors**

An investment in any Fund entails substantial risks, including, but not limited to, the possibility of a complete loss of the amount invested. Current and prospective BlueSpruce investors should carefully consider the following factors, among others, in determining whether an investment in a Fund is suitable for them. Different or new risks not addressed below may arise in the future and, therefore, the following list is not intended to be exhaustive. There are many market-related and other factors – some of which cannot be anticipated – that could result in an investor losing a major portion or all of its investment in a Fund, or prevent a Fund from generating profits. Any of these factors could make a Fund unable to execute its investment strategy.

No investor should invest in any Fund unless the investor is fully able, financially and otherwise, to bear such a loss, and unless the investor has the background and experience to understand thoroughly the risks of its investment.

Because the Funds expect to invest all of their assets in the Master Fund which, in turn invests in securities, many of the risk factors considered below apply most specifically to investments made by the Master Fund. Unless the context requires otherwise, references below to “Fund” include the Master Fund.

All investors should be aware of certain risk factors, which include, but are not limited to, the following:

- Nature of Investments. The Investment Manager has broad discretion in making investments for the Funds and expects to utilize highly speculative investment techniques, including short selling, leverage, futures, options and derivative transactions. There can be no assurance that the Investment Manager will correctly evaluate the nature or magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile. A variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may detrimentally impact businesses in which

- a Fund invests, affecting their access to capital and public market valuations. These factors and others may significantly affect the results of a Fund's activities and the value of its investments. In addition, the value a Fund's portfolio may fluctuate in response to fluctuations in the general level of interest rates.
- Leverage. Each Fund may employ leverage for the purpose of making investments and to hedge its exposure to market and credit risk. The use of leverage creates special risks and may significantly increase a Fund's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, increases a Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the value of the investments to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the value of the investments may decrease more rapidly than would otherwise be the case.
  - Volatility. The market value of certain of each Fund's investments may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.
  - Concentration of Investments. The Investment Manager generally intends to hold relatively few investments, which could subject a Fund to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected. In addition, the same result might obtain if a Fund's investments experience a greater than anticipated correlation. In that circumstance, Fund positions that may have been considered diversified could be subject to significant losses due to related events or changes in investment correlation more generally.
  - Financial Model Risk. A Fund's investment strategies may utilize (in varying degrees) various quantitative and qualitative models developed by the Investment Manager and third-parties. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without the Investment Manager recognizing the change before significant losses are incurred. In addition, although most investments have market prices, in the absence of any readily determinable market value, certain investments may be valued based partially or entirely on internal Investment Manager models. For such investments, the valuations so determined may differ materially from realized values.

- Spread Trading Risks. A part of a Fund's trading operations may involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. In addition, such positions entail substantial risk that the price differential could change unfavorably, causing a loss to the spread position. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.
- Arbitrage Transaction Risks. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. The Investment Manager may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent a Fund is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced or eliminated by other market participants.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

- Equity Securities. The Master Fund will invest in equity securities, and expects to hold both long and short positions in such securities. Such investments will be subordinate to the claims of an issuer's creditors and, to the extent such securities are common securities, preferred stockholders. Dividends customarily paid to equity holders can be suspended or cancelled at any time. For the foregoing reasons, investments in equity securities can be highly speculative and carry a substantial risk of loss of principal.
- "New Issue" Trading. The Master Fund may engage in "new issues" trading. Investing in "new issues" poses unique risks arising out of their transient illiquidity, lack of trading history and concentration of ownership. In the event that the Master Fund elects to trade "new issues," limited partners and/or shareholders of a Fund that are "restricted persons" or "covered persons" under applicable FINRA rules may not be permitted to participate or participate fully in the returns generated by those trades.
- Liquidity of Investments. Each Fund expects to acquire illiquid investments, which are often difficult to dispose of quickly. In addition, investments that were once liquid may become illiquid, making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. In that event, the Master Fund's ability to respond to market movements may be impaired and the Master Fund may experience adverse price movements upon liquidation of its investments.

BlueSpruce expects that, from time to time, illiquid or thinly traded investments may comprise a substantial portion of the Funds' portfolio.

- Hedging Transactions. The success of a Fund's hedging strategy will be subject to the Investment Manager'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 portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategy is also subject to the Investment Manager's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for such Fund than if it had not engaged in any such hedging transactions. For a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between such hedging instruments and the risks being hedged. Such imperfect correlation may prevent a Fund from achieving the intended hedge or expose a Fund to risk of loss. In addition, the Investment Manager may not hedge a risk inherent in a Fund's portfolio because a hedge may not be available or is too costly in light of the likelihood of the possible risk actually occurring or because the risk simply could not be reasonably anticipated.

- Options. A Fund may engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.
- Derivatives. A Fund may invest in derivative financial instruments. In addition, a Fund may from time to time utilize both exchange-traded and over-the-counter futures and options for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that the Fund may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited.

Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

The trading of over-the-counter derivatives subjects a Fund to a variety of risks including: (i) counterparty risk, (ii) basis risk, (iii) interest rate risk, (iv) settlement risk, (v) legal risk, and (vi) operational risk. Counterparty risk is the risk that one of a Fund's counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

- Debt Securities. The Master Fund may invest in unrated or low grade debt securities which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Master Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Master Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Lower or unrated securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Investors should be aware that ratings are relative and subjective and are not absolute standards of quality. Subsequent to its purchase by the Master Fund, an issue of securities may cease to be rated or its rating may be reduced. Neither event will require sale of such securities by the Master Fund, although the Investment Manager will consider such event in its determination of whether the Master Fund should continue to hold the securities.

The market value of securities in lower-rated categories is more volatile than that of higher quality securities. In addition, the Master Fund may have difficulty disposing of certain of these securities because there may be a thin trading market. The lack of a liquid secondary market for certain securities may have an adverse impact on the Master Fund's ability to dispose of such securities and may make it more difficult for the Master Fund to obtain accurate market quotations for purposes of valuing the Master Fund and calculating the value of its net assets.

- Foreign Securities. The Master Fund may from time to time invest in securities and other instruments of foreign corporations and foreign countries. Investing in such securities involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion, imposition of withholdings and other taxes and certain government policies that may restrict a Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail in many foreign countries are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in many foreign countries than there is in the U.S.
- Short Selling. The Funds may 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 a Fund to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available to be borrowed by a Fund at reasonable costs. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and a Fund may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

Short selling activities with respect to U.S. securities are subject to other restrictions imposed by U.S. securities laws and the various U.S. securities exchanges that may affect investment activities of a Fund. If short sales are effected on an exchange or over-the-counter market outside the United States, such transactions will be subject to the applicable local law, which may be more or less restrictive than U.S. law.

Moreover, such laws and regulations are subject to change without notice.

- Currency Exposure. A Fund's portfolio may have positions which are denominated in currencies other than U.S. Dollars. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. The Investment Manager may not necessarily seek to hedge the foreign currency exposure of a Fund, and as such, a Fund would be subject to varying degrees of foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and such other currencies.

### **Item 9 – Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Like other registered investment advisers, BlueSpruce is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of BlueSpruce or the integrity of BlueSpruce's management. No events have occurred at BlueSpruce that are applicable to this Item 9 (or any of its sub-parts).

### **Item 10 – Other Financial Industry Activities and Affiliations**

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

BlueSpruce is not actively engaged in a business other than giving investment advice to the Funds. Neither BlueSpruce nor any of its management persons is registered or has an application pending to register as a broker-dealer, or associated person of the foregoing, and BlueSpruce does not anticipate such affiliations in the future.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Neither BlueSpruce nor any of its management persons is registered or has an application pending to register as a futures commission merchant, commodity pool operator,

commodity-trading adviser, or associated person of the foregoing, and BlueSpruce does not anticipate such affiliations in the future.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

- 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker**
- 2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)**
- 3. Other investment adviser or financial planner**
- 4. Futures commission merchant, commodity pool operator, or commodity trading advisor**
- 5. Banking or thrift institution**
- 6. Accountant or accounting firm**
- 7. Lawyer or law firm**
- 8. Insurance company or agency**
- 9. Pension consultant**
- 10. Real estate broker or dealer**
- 11. Sponsor or syndicator of limited partnerships.**

BlueSpruce’s advisory board is comprised of several individuals who are lawyers, investment professionals, and other professionals. The Firm may, from time to time, use the services of these professionals in a professional capacity on behalf of itself or its Funds.

BlueSpruce has no arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds or its investors.

As mentioned in Item 4, the General Partner serves as the general partner of the Onshore Feeder and the Master Fund and is an affiliated entity of the Investment Manager. The controlling member of BlueSpruce is the controlling member of the General Partner.

BlueSpruce has and will continue to develop relationships with professionals who provide services it does not provide, including: legal; accounting; banking; tax preparation; insurance



brokerage; investment management services; and other personal services. None of the above relationships, however, creates a material conflict of interest with any of BlueSpruce's clients or its investors.

From time to time, BlueSpruce may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will BlueSpruce accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider. Similarly, the personnel of the Investment Manager and/or its affiliates may speak at conferences and programs for potential investors interested in investing in hedge funds that are sponsored by the Master Fund's prime brokers. Through such capital introduction events, prospective investors have the opportunity to meet with BlueSpruce. Neither BlueSpruce nor any Fund compensates the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Not applicable.

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

**A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.**

### **Code of Ethics**

As fiduciaries, BlueSpruce and its employees have certain legal obligations to put clients' interests ahead of their own. BlueSpruce has adopted a written code of ethics based on principles of openness, honesty, integrity and trust. At least once a year, each BlueSpruce employee is required to acknowledge this code and agree to be bound by it.

BlueSpruce's code of ethics covers standards of business conduct, confidentiality of client information, personal trading requirements, insider trading, reporting of personal securities transactions, restrictions on accepting and giving of significant gifts, political contribution policies, and reporting of certain gifts and business entertainment items, among other things.

The code includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Employees of BlueSpruce who violate the code of ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Employees are also required to promptly report any violations of the code of ethics of which they become aware.

BlueSpruce will provide a copy of its code of ethics to any existing or prospective investor upon request to its Chief Compliance Officer, Edward Ludwig, at (312) 533-3800.

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

**Examples: (1) You or a related person, as principal, buys securities from (or sells securities to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.**

### **Participation or Interest in Client Transactions**

BlueSpruce and certain employees and affiliates of BlueSpruce may invest in and alongside the Funds, either through the General Partner, as direct investors in the Funds, or otherwise. A Fund or the General Partner, as applicable, may exempt such person from all or a portion of the Management Fee or Incentive Allocation. For further details regarding these arrangements, as well as conflicts of interest presented by such arrangements, please see Item 6.

BlueSpruce does not effect any principal securities transactions for client accounts. BlueSpruce will also not cause clients to enter into securities trades with each other without the express written consent of each client. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account.

From time to time, the Investment Manager and its affiliates may affect securities trades (including outright purchases and sales) between a Fund and other clients of BlueSpruce or its affiliates, known as a cross trade. Any cross trading transactions conducted between the

Fund and BlueSpruce's other clients or affiliates will be made at the then market rate for similar transactions between unrelated parties and only where an independent pricing mechanism (such as the last sales price on the exchange where the security is principally traded) is available. Transactions between the Fund and other clients of the Investment Manager or its affiliates are effected for no consideration other than cash payment against prompt delivery of the relevant security or other instrument, are affected at current market prices, and do not involve any brokerage commissions, clearing charges, other transaction costs or fees, or other remuneration.

### **Conflicts of Interest**

In addition to the conflict of interest arising from trading by BlueSpruce or its principals or employees for their own accounts as discussed immediately above, and conflicts relating to BlueSpruce's receipt of performance-based compensation, which are discussed in Item 6 above, clients or investors in the Funds are subject to additional conflicts of interest. The offering documents for each Fund details a complete description of what BlueSpruce believes to be the most significant conflicts of interest associated with an investment in a Fund. Investors should carefully consider the conflicts of interest described herein, as well as those outlined in the Feeder Funds' offering documents, prior to investing in a Fund.

The Investment Manager, which is responsible for the investment decisions made on behalf of the Funds, may in the future be responsible directly or indirectly for investment decisions made on behalf of other investment vehicles and individual managed accounts. The Investment Manager may take action with respect to the Funds that differs from that taken with respect to other pooled investment vehicles and managed accounts advised by the Investment Manager. To the extent a particular investment is suitable for both a Fund and another client, such investment will be allocated between the applicable Funds and such other client pro rata based on assets under management or in some other manner which the Investment Manager determines is fair and equitable under the circumstances to all clients, including such Fund(s).

The fact that the General Partner and BlueSpruce's principals and employees have financial ownership interests in the Funds creates a potential conflict in that it could cause BlueSpruce to make different investment decisions than if such parties did not have such financial ownership interests. BlueSpruce may have an incentive to favor accounts in which such persons have an interest with respect to trading opportunities, trade allocation and allocation of investment opportunities.

BlueSpruce has adopted rules intended to detect and prevent conflicts of interest that arise when BlueSpruce's related persons own, buy or sell securities. BlueSpruce's Code of Ethics requires BlueSpruce employees to place the interests of clients first, and on an annual basis each BlueSpruce employee must certify that he or she has read and understands the Code

and has complied with its provisions. Each principal and employee of BlueSpruce is required to adhere to BlueSpruce's personal trading rules. These rules require, except with respect to certain exempted transactions, that BlueSpruce's principals and employees obtain prior written consent from BlueSpruce's Chief Compliance Officer or his designee before effecting any securities transaction for their own accounts. Principals and employees must furnish to BlueSpruce's Chief Compliance Officer or his designee duplicate copies of their brokerage statements or a quarterly holdings report.

BlueSpruce may from time to time recommend that certain of its clients invest a portion of their investable assets in other clients, typically in connection with a master-feeder fund structure. Such arrangements are described in the offering memoranda or other governing documents of the Feeder Funds. BlueSpruce and its related persons also recommend interests in Advisory Clients to prospective investors

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

### **Personal Trading**

BlueSpruce's employees are permitted to make securities transactions in their personal accounts, subject to certain limitations (including those discussed above). This presents potential conflicts in that an employee could make improper use of information regarding a client's holdings or future transactions or research paid for by the clients. BlueSpruce manages the potential conflicts of interest inherent in employee trading by strict enforcement of its code of ethics, which includes pre-clearance and reporting requirements as described above.

In rare cases, BlueSpruce and its employees may be in possession of material nonpublic ("insider") information. BlueSpruce's code of ethics includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

BlueSpruce's employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding publicly traded securities or communicating material non-public information about such securities to others. The Firm maintains a restricted list regarding issuers about whom it has material non-public information. Pre-clearance is also required for certain personal securities transactions, including initial public offerings and certain limited offering, by such supervised persons. In addition, supervised persons are required to submit their brokerage account statements to the CCO for review.

Notwithstanding and subject to the above-described internal compliance policies and approval procedures, members, partners, officers and employees of the General Partner and the Investment Manager may engage, from time to time, in personal trading of securities and other instruments, that are not in the Fund's investable universe.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Please refer to Items 11.A, 11.B and 11.C.

## **Item 12 – Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

**1. Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client

securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.

c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

d. Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.

**f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.**

Transactions for the Funds are allocated to broker-dealers on the basis of best execution available in light of the overall quality of brokerage, prime brokerage, financing and other services provided. BlueSpruce is authorized to determine the broker or dealer to be used for each securities transaction for its Funds; however, it need not solicit competitive bids and it does not have an obligation to seek the lowest available commission cost. In selecting brokers to effect transactions for the Funds, however, the Investment Manager will seek to obtain the best combination of pricing, expertise and ability to perform execution services, ability to execute transactions in liquid markets at competitive prices without disrupting the market for a particular security, ability to execute transactions in illiquid markets at competitive prices without disrupting the market for a specific security, range of services provided and products offered (including research services), quality and timeliness of market information provided, ability to maintain confidentiality, credit worthiness and financial responsibility. Subject to the obligation to seek best execution, referrals of potential investors to a Fund may also be considered as a factor in the selection of brokers.

It is not the Investment Manager's practice to negotiate "execution only" commission rates, thus a Fund may be deemed to be paying for research, brokerage or other services provided by the broker, which are included in the commission rate. Accordingly, if BlueSpruce determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker, the Funds may ultimately pay commissions to such broker in an amount greater than the amount another broker might charge. Accordingly, a Fund may, at times, be deemed to be paying for research and other products and services with "soft" or commission dollars.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. The Investment Manager will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research and brokerage services within Section 28(e) may include, but are not limited to: research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; analyses concerning specific securities, companies or sectors; and data services (including services providing market data, company financial data and economic data); services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an investment manager and a broker-dealer); and trading software operated by a broker-dealer to route orders.

**2. Brokerage for Client Referrals.** If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

**a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.**

**b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.**

As mentioned in Item 10 above, from time to time, the personnel of the Investment Manager and/or its affiliates may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by the Master Fund's prime brokers. Through such capital introduction events, prospective investors have the opportunity to meet with BlueSpruce. Neither BlueSpruce nor the Fund compensates the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events. Such events and other services (including, without limitation, capital introduction and business consulting services and technology) provided by a prime broker to the Fund, the Master Fund, the Investment Manager may be a factor in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Fund.

BlueSpruce recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to BlueSpruce or refer investors. BlueSpruce receives asset-based fees and accordingly would receive a financial benefit from the increase in assets under management that result from capital introduction services and investor referrals. Similarly, BlueSpruce receives a performance-based fee and accordingly could receive a larger performance-based fee in any given profit period as a result of an increase in assets under management that results from capital introduction services and investor referrals. The potential for higher fees presents a potential conflict in that BlueSpruce has an incentive to favor broker-dealers that provide services that have a direct impact on fees even if those broker-dealers rate unfavorably in other categories.

BlueSpruce addresses this potential conflict by periodically reviewing its broker-dealer arrangements and evaluating each broker-dealer's performance in a variety of categories. Such reviews are expected to enable BlueSpruce to determine when broker-dealers that outperform in capital introduction and investor referrals also underperform in other areas. In such situations, BlueSpruce may provide heightened scrutiny to its relationship with such a broker-dealer.

Goldman, Sachs & Co. and Morgan Stanley & Co. LLC have been appointed as the prime

brokers and custodians for the Master Fund and clear the Master Fund's securities transactions that are effected through other brokerage firms. The Master Fund is not committed to continue its prime brokerage relationships with these prime brokers for any minimum period, and BlueSpruce, in its sole and absolute discretion, may select other or additional brokers to act as prime broker(s) to the Master Fund.

### **3. Directed Brokerage.**

**a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.**

**b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.**

BlueSpruce does not have any directed brokerage arrangements.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

Not applicable.

### **Item 13 – Review of Accounts**

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

The Principal and other senior managers of BlueSpruce will regularly review the portfolios of each Fund to determine if they are consistent with applicable investment objectives and restrictions. BlueSpruce will also consider whether the portfolio should change investments



based on various factors, including but not limited to, changes in company fundamentals, advisers, key industry personnel, analysts, news and press releases, general market conditions and assessment of the financial consequences of world events derived from general information or such other material as is appropriate under the particular circumstances.

In addition, Edward Ludwig, Chief Compliance Officer, reviews records of trades placed for the Funds on a regular basis. The Funds' accounts are also reviewed on a regular basis by a third party administrator to price the portfolio based on independent third party pricing sources or methodologies approved by BlueSpruce. The third party administrator also ensures that BlueSpruce's records are in agreement with those of its custodian. Northern Trust Hedge Fund Services LLC serves as the third party administrator for the Onshore Fund and Offshore Fund.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

Please see Item 13.A.

**C. Describe the content and indicate the frequency of regular reports you provide to Clients regarding their accounts. State whether these reports are written.**

On a monthly basis, the Investment Manager will use commercially reasonable efforts to provide each Fund's limited partner and/or shareholders, as the case may be, with the final net asset value for the prior completed calendar month, net of all fees and expenses within 30 calendar days after the end of such calendar month. In addition, each Fund provides quarterly unaudited performance information to its respective investors, along with its quarterly letters describing each Fund's performance, as applicable. Within 120 days after the end of each fiscal year, an annual report containing audited financial statements will be delivered to each of the limited partners in the Onshore Fund and each of the shareholders in the Offshore Fund. All reports are sent to investors in writing and are delivered by post or electronically.

## **Item 14 – Client Referrals and Other Compensation**

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

BlueSpruce does not receive any monetary compensation or any other economic benefit from a non-client for BlueSpruce's provision of investment advisory services to a client.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

As of the date hereof, BlueSpruce does not use third-party marketers to assist in its fundraising efforts. BlueSpruce may, from time to time, in the future enter into solicitation agreements pursuant to which it compensates one or more third parties for client referrals that will result in the provision of investment advisory services by BlueSpruce. Any future cash solicitation agreements will comply with Rule 206(4)-3 of the Advisers Act.

As mentioned above in Items 10 and 12, from time to time, the personnel of the Investment Manager and/or its affiliates may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by the Master Fund's prime brokers. Through such capital introduction events, prospective investors have the opportunity to meet with BlueSpruce. Neither BlueSpruce nor the Fund compensates the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events.

## **Item 15 – Custody**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

BlueSpruce or the General Partner is deemed, under federal securities laws, to have custody over its clients' funds by virtue of their status as investment manager and general partner, respectively. The Funds are audited annually by Ernst & Young, and the Investment Manager delivers to the Funds and their limited partners/shareholders a copy of the annual audited financial statements within 120 days of the fiscal year-end. Investors in the Funds should carefully review such financial statements.

BlueSpruce does take physical possession of client money or securities; called capital is directly sent or wired into the Investment Manager's custodial accounts. Each Fund uses JP Morgan as custodian for limited partner and shareholder cash, and Goldman Sachs and

Morgan Stanley serve as custodians for limited partner securities. BlueSpruce receives monthly statements from all three custodians.

#### **Item 16 – Investment Discretion**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Investment advice is provided directly to the Funds, subject to the discretion and control of the General Partner, and not to investors in the Funds individually. BlueSpruce and its General Partner have discretionary authority based on the IMA, and on the operating agreements or other documents that govern each Fund, to buy and sell securities or other investments on behalf of the Funds, and to determine the amount of such investments to be bought and sold. The terms upon which BlueSpruce serves as an investment manager of a Fund are established at the time each Fund is established and are generally set out in the IMA or other governing document entered into by BlueSpruce with respect to the relevant Fund and disclosed in the offering documents for such Fund. BlueSpruce's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

To become a limited partner in a Fund, an investor must execute a subscription agreement with such Fund. Such subscription agreements, and the other governing documents of the applicable Fund, generally contain a power of attorney that generally grants an affiliate of BlueSpruce certain powers related to the orderly administration of the affairs of the Fund.

As described above, Fund investors do not have the ability to impose limitations on BlueSpruce's discretionary authority.

#### **Item 17 – Voting Client Securities**

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

By virtue of the IMA, BlueSpruce has the authority to vote on behalf of its clients in any proxy solicitations that may occur with respect to the issuers of securities held by the Funds. BlueSpruce has adopted a proxy voting policy pursuant to SEC Rule 206(4)-6 to describe how it votes its clients' proxies. BlueSpruce votes proxies consistent with the best interests of its investors and in accordance with the Funds' stated objectives, primarily maximizing portfolio values.

Pursuant to its policy, BlueSpruce will generally vote in accordance with management's recommendations. BlueSpruce has retained a proxy service to assist in its proxy voting and proxy management, including the resolutions of any conflicts of interest. This service will generally follow Glass Lewis in making determinations as to votes on behalf of the Funds. The proxy service firm will retain all proxy voting records in accordance with SEC Rule 206(4)-6. In general, investors cannot request that BlueSpruce vote in a particular way on any specific proposal.

Investors may obtain a copy of BlueSpruce's complete proxy voting policy upon request, free of charge, from BlueSpruce's Chief Compliance Officer, Edward Ludwig, at (312) 533-3800. Investors may also obtain information from BlueSpruce, free of charge, about how BlueSpruce voted any previous proxies.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

Not applicable.

## **Item 18 – Financial Information**

**A. If you require or solicit prepayment of more than \$1,200 in fees per client , six months or more in advance, include a balance sheet for your most recent fiscal year.**

**1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.**

**2. Show parenthetically the market or fair value of securities included at cost.**

**3. Qualifications of the independent public accountant and any accompanying independent public accountant’s report must conform to Article 2 of SEC Regulation S-X.**

Not applicable.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

BlueSpruce has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to investors.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Not applicable.

## **BROCHURE SUPPLEMENT**

This Brochure Supplement provides information about BlueSpruce Investments, LP (“BlueSpruce”) that supplements the BlueSpruce Brochure. Please contact Edward Ludwig, Chief Compliance Officer, at (312) 533-3800 if you did not receive BlueSpruce’s Brochure or if you have any questions about the contents of this supplement.

Additional information about BlueSpruce is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Timothy Hurd**

Year of Birth: 1969

President and Chief Investment Officer

BlueSpruce Investments, LP

444 North Michigan Avenue

Suite 2905

Chicago, IL 60611

(312) 533-3800

### **Item 2 – Educational Background and Business Experience**

Mr. Hurd is the President and serves as the Chief Investment Officer of BlueSpruce since its formation February 2013. Prior to co-founding BlueSpruce, Mr. Hurd had been with Madison Dearborn Partners, LLC (“MDP”) for over 16 years, joining the firm in 1996 as a Vice President and becoming a Managing Director in 2000. He created the Financial Services Team at MDP in 2000.

Mr. Hurd graduated *summa cum laude* with a bachelor’s degree in economics from the University of Michigan in 1992. He graduated with Honors with a Masters of Business Administration from Harvard Business School in 1996.

### **Item 3 – Disciplinary Information**

Mr. Hurd has never been the object of any legal or disciplinary event, proceeding or action.

### **Item 4 – Other Business Activities**

Mr. Hurd serves as a member of the boards of Nuveen Investments, Inc., Windy City Holdings, LLC, Horton Trust Company and CapitalSource Inc. Mr. Hurd’s position on these boards is unrelated to his position with BlueSpruce and does not create a potential conflict of interest with BlueSpruce’s Funds or its limited partners.

### **Item 5 – Additional Compensation**

Mr. Hurd does not receive an economic benefit for providing advisory services, other than his ownership interest in the General Partner.

### **Item 6 – Supervision**

Mr. Hurd is supervised on compliance matters by BlueSpruce’s Chief Compliance Officer, Edward Ludwig, (312) 533-3800.

**Edward Magnus**

Year of Birth: 1975

Managing Director

BlueSpruce Investments, LP

444 North Michigan Avenue

Suite 2905

Chicago, IL 60611

(312) 533-3800

**Item 2 – Educational Background and Business Experience**

Mr. Magnus serves as the Managing Director since its formation February 2013. Prior to co-founding BlueSpruce, Mr. Magnus had been with Madison Dearborn Partners, LLC (“MDP”) for over 10 years, joining the firm in 2000 for two years as an Associate and then returning after business school in 2004 as a Vice President before being promoted to Director in 2008.

Mr. Magnus graduated with honors with a bachelor’s degree in business administration from the University of Michigan in 1998 and a Master of Business Administration from Harvard Business School in 2004.

**Item 3 – Disciplinary Information**

Mr. Magnus has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Magnus serves as a member of the boards of Nuveen Investments, Inc. and Windy City Holdings, LLC. Mr. Magnus’ position on these boards is unrelated to his position with BlueSpruce and does not create a potential conflict of interest with BlueSpruce’s Funds or its limited partners.

**Item 5 – Additional Compensation**

Mr. Magnus does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by BlueSpruce.

**Item 6 – Supervision**

Mr. Magnus is supervised on compliance matters by BlueSpruce’s Chief Compliance Officer, Edward Ludwig, (312) 533-3800.



## **Alex Ripley**

Year of Birth: 1977

Managing Director

BlueSpruce Investments, LP

444 North Michigan Avenue

Suite 2905

Chicago, IL 60611

(312) 533-3800

### **Item 2 – Educational Background and Business Experience**

Mr. Ripley is a Managing Director of BlueSpruce since its formation February 2013. Prior to joining BlueSpruce, Mr. Ripley had been with Bain Capital, LLC (“Bain Capital”) for over seven years, joining the firm as a Senior Associate in 2005 and becoming a Principal in 2009. Before joining Bain Capital, from 2001 to 2005, Mr. Ripley was an associate at Madison Dearborn Partners, LLC. Prior to that, he worked at Donaldson, Lufkin & Jenrette as an Analyst in the Financial Institutions Group from 1999 to 2001.

Mr. Ripley graduated *magna cum laude* in History from Brown University in 1999. He received a Masters of Business Administration from Harvard Business School in 2005.

### **Item 3 – Disciplinary Information**

Mr. Ripley has never been the object of any legal or disciplinary event, proceeding or action.

### **Item 4 – Other Business Activities**

Mr. Ripley is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

### **Item 5 – Additional Compensation**

Mr. Ripley does not receive an economic benefit for providing advisory services, other than his ownership interest in the General Partner.

### **Item 6 – Supervision**

Mr. Ripley is supervised on compliance matters by BlueSpruce’s Chief Compliance Officer, Edward Ludwig, (312) 533-3800.

## **Edward J. Ludwig IV**

Year of Birth: 1973

Chief Financial Officer & Chief Compliance Officer

BlueSpruce Investments, LP

444 North Michigan Avenue

Suite 2905

Chicago, IL 60611

(312) 533-3800

### **Item 2 – Educational Background and Business Experience**

Mr. Ludwig is Chief Financial Officer and Chief Compliance Officer of BlueSpruce since its formation February 2013. Prior to joining BlueSpruce, Mr. Ludwig had been with Copia Capital, LLC (“Copia Capital”) for over three years, joining the firm as a Controller in 2009 and becoming CFO in 2012. Before joining Copia Capital, from 2008 to 2009, Mr. Ludwig was a Product Manager at L-SAI. Prior to that, he worked at GlobeOp Financial Services as a Director of Operations and Accounting from 2002 to 2008. Mr. Ludwig held operation analyst roles at S.A.C. Capital and UBS from 2000 to 2001 and 1997 to 2001 respectively.

Mr. Ludwig graduated with a bachelor’s degree in Economics and Political Science from the University of Connecticut in 1997.

### **Item 3 – Disciplinary Information**

Mr. Ludwig has never been the object of any legal or disciplinary event, proceeding or action.

### **Item 4 – Other Business Activities**

Mr. Ludwig is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

### **Item 5 – Additional Compensation**

Mr. Ludwig does not receive an economic benefit for providing advisory services, other than his salary and bonus.

### **Item 6 – Supervision**

Mr. Ludwig is supervised by BlueSpruce’s Managing Director, Edward Magnus, (312) 533-3800.