

ITEM 1 COVER PAGE

Spruce Point Capital Management, LLC

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FORM ADV PART 2A FIRM BROCHURE

March 13, 2019

This brochure provides information about the qualifications, business practices and nature of advisory services of Spruce Point Capital Management, LLC and its registered investment adviser representatives. Registration of an investment adviser with any state or federal regulatory division does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information to enable you to determine whether to hire or retain an investment adviser.

If you have any questions about the contents of this brochure, please contact us at 212-519-9813 or sean.donohue@sprucepointcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Spruce Point Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. Spruce Point Capital Management, LLC's CRD number is 288248.

ITEM 2 MATERIAL CHANGES

This is the initial Form ADV Part 2A submitted by Spruce Point Capital Management, LLC with its application for registration with the SEC. As a result, there are no material changes to report. In the future, this item will discuss only specific material changes that are made to the Brochure and provide Clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

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ITEM 4 ADVISORY BUSINESS

A. FIRM DESCRIPTION

Spruce Point Capital Management, LLC (“Spruce Point” or the “Firm”) is an SEC-registered investment adviser with its principal place of business located in New York, New York. Spruce Point is organized as a New York limited liability company that was founded in 2009. Benjamin Axler is the sole managing member and Chief Investment Officer (“CIO”) of the Firm. Sean Donohue is the Firm’s Chief Compliance Officer (“CCO”).

TYPES OF ADVISORY SERVICES

Spruce Point provides investment portfolio management on a discretionary basis to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each a “Fund” or “Client” and collectively, the “Funds” or “Clients”) consistent with the Fund’s investment strategies objectives and/or parameters set forth in their respective governing documents and confidential private placement memoranda (collectively the “Offering Documents”). The Funds include Spruce Point Research Activism Partners LP, a Delaware limited partnership (“Spruce Point Domestic Fund”), Spruce Point Research Activism Partners Offshore, Ltd, a Cayman Islands exempted company (“Spruce Point Offshore Fund”), and Spruce Point Research Activism Master Fund LP, a Cayman Islands exempted company (“Spruce Point Master Fund”). Spruce Point Domestic Fund and Spruce Point Offshore Fund invest all of their investable capital through a “master feeder” structure into Spruce Point Master Fund.

The Funds are not registered under the Investment Company Act of 1940, and interests are not publicly offered under the Securities Act of 1933 (“Securities Act”). All relevant information pertaining to the Funds, including but not limited to, compensation, other fees and expenses paid by the Funds, withdrawal rights, minimum investments, qualification requirements, investment strategies and/or parameters, risk factors and potential conflicts of interest are set forth in the relevant Offering Documents. In many instances a more detailed discussion of the Items discussed in this Brochure is available in the respective Fund Offering Documents. Each investor is required to receive, review and execute (as applicable) the Offering Documents prior to being accepted as a limited partner (“Limited Partner”) in the Fund.

Spruce Point Capital Partners, LLC (“General Partner”), an affiliate of the Firm serves as the general partner of Spruce Point Domestic and Spruce Point Master Fund. Benjamin Axler is the sole member of the General Partner. The General Partner has ultimate responsibility for the management, operations and the investment decisions made on behalf of the Funds, subject to certain required approvals from the Advisory Board in accordance with the Offering Documents. The Advisory Board is comprised of Benjamin Axler, Ronan Guilfoyle, and Wade Kenny. Ronan Guilfoyle and Wade Kenny also serve as the independent directors

of the Offshore Fund.

B. TAILORED RELATIONSHIPS

Spruce Point provides investment advisory services to the Funds based on the investment objectives of the Funds. The detailed terms, strategies and risks applicable to the Funds may be found in the respective Fund's Offering Document and such investments are not tailored to the individual needs of any particular Limited Partner in the Funds. The Fund's investment objective is to achieve appreciation in the Fund's investments, with reduced correlation to traditional asset classes, by investing in a concentrated portfolio of investments for which Spruce Point intends to share its investment research publicly.

Spruce Point publishes periodic research report providing information on certain investment opportunities. These reports, and the information provided in them, are not intended to meet the objectives or needs of any specific individual or organization. Our research reports are distributed free of charge. Spruce Point may also provide diligence services to source and develop specific ideas, in which the Funds participate, for other institutional investors.

C. WRAP FEE PROGRAMS

Wrap Fee Programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions and affiliated and unaffiliated investment advisers through which the clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a "bundled" form. In exchange for these "bundled" services, the clients pay an all-inclusive (or "wrap") fee determined as a percentage of the assets held in the wrap account.

Due to the nature of its advisory services, Spruce Point does not participate in and is not a sponsor of wrap fee programs.

D. ASSETS UNDER MANAGEMENT

When calculating regulatory assets under management, an investment adviser must include the value of any advisory account over which it exercises continuous and regular advisory or management services.

At the time of this filing, Spruce Point is filing for initial registration with the SEC. As of December 31 2018, Spruce Point had approximately \$181,608,562 of regulatory assets under management on a discretionary basis. Spruce Point does not manage assets on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. DESCRIPTION AND BILLING

The Funds are currently offering multiple classes of Limited Partner interests (“Series of Interests”) pursuant to the respective Fund’s Offering Documents. Spruce Point receives compensation in the form of management fees (the “Management Fee”), payable quarterly in advance of the net asset value of each capital account of such Series of Interest as of the beginning of such calendar quarter. Spruce Point deducts its fees automatically from each Limited Partner’s capital account balance pursuant to the fee structure agreed upon between the Limited Partner and the Funds. Our compensation and billing procedures for the Funds are as follows:

Series I Interests: 1% per annum, provided that in the event Spruce Point Master Fund declines below \$60 million in management fee paying net asset value as of any calendar year end, the Management Fee shall revert to 2% per annum as of the beginning of the next calendar year. Thereafter, the Management Fee shall remain at 2% per annum until the beginning of the next calendar year following the calendar year end on which the Master Fund reaches \$75 million in management fee paying net asset value, to revert back to 1% per annum.

Series F Interests: .75% per annum

Series Z Interests: 2.50% per annum

A *pro rata* portion of the Management Fee will be paid out of any subscriptions made by new or existing Limited Partners on any date that does not fall on the first day of a calendar quarter, based on the actual number of days remaining in such partial quarter. Certain Series of Interests may not incur a Management Fee. Spruce Point may also in its sole discretion elect to waive or reduce any accrued Management Fee with respect to certain Limited Partners.

B. OTHER FEES AND PAYMENTS

The Funds shall pay for all ordinary operating and other expenses, including, but not limited to, legal, accounting, auditing and other professional expenses, fees paid to an administrator and other administration expenses, the Management Fee, research expenses including expenses relating to external consultants, software expenses (limited to risk management, investment analysis, portfolio accounting and related software), website development and maintenance expenses, expenses related to the public promotion of research involving investment theses or ideas, marketing or activist campaign expenses, and investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees and other expenses related to the purchase, sale or transmittal of Fund assets, and other similar expenses related to the Fund, as the General Partner determines in its sole discretion. Please see the Offering Documents for a complete description of fees and expenses.

In the event Spruce Point provides diligence services to source and develop ideas, in which the Funds participate, for other institutional investors, the Funds may bear its pro rata portion of the expenses in connection with such research, diligence and publication of such research (including, without limitation, expenses relating to the public promotion of such research and costs and expenses in connection with an activist campaign, but excluding a portion of expenses related to any defamation or similar proceeding brought by the target company), based on the relative economic benefit of the Funds and Spruce Point related to such investments.

C. REFUND AND TERMINATION POLICY

If a Limited Partner makes a withdrawal at any time other than at the end of a quarter (whether pursuant to ordinary withdrawal rights or where the special consent of the General Partner is required and, in its discretion, granted), a *pro rata* portion of the Management Fee (based on the actual number of days remaining in such partial quarter) will be repaid by Spruce Point to the Limited Partner.

D. OTHER COMPENSATION

Neither Spruce Point nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Spruce Point does not charge a fee to the recipients of published research reports shared with the broader investment public.

Payments for Publication and Sale of Research: Spruce Point may be paid to diligence and publish research reports on certain investments suggested by third parties in which the Funds will participate. As compensation for diligence services, Spruce Point may receive a percentage of the performance of those specific investments. The Funds will not be entitled to any portion of the fees received by Spruce Point in connection with such diligence and publication or sale of its research.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

A. PERFORMANCE-BASED COMPENSATION

The General Partner of the Funds will receive performance-based fees ("Performance Fees") in an amount equal to the net capital appreciation allocated to each Limited Partner's

capital account. Depending on the Series of Interest of the relevant Fund, the Performance Fee ranges from 20%-30% of the net capital appreciation allocated to each Limited Partner during each calendar year.

Depending on the Series of Interest of the relevant Fund, the Performance Fee shall include the following:

Series I Interests: 30%, provided that in the event Spruce Point Master Fund declines below \$60 million in management fee paying net asset value as of any calendar year end, the Performance Fee shall revert to 20% as of the beginning of the next calendar year. Thereafter, the Performance Fee shall remain at 20% until the beginning of the next calendar year following the calendar year end on which the Master Fund reaches \$75 million in management fee paying net asset value, to revert back to 30%.

Series F Interests: 20%

Series Z Interests: 25%

The Performance Fee is subject to a high-water mark so that the Performance Fee will only be deducted from a Limited Partner's capital account to the extent that such Limited Partner's *pro rata* share of such appreciation causes its capital account balance to exceed the Limited Partner's highest historic capital account balance as of the end of any prior year. Performance Fees are based on a share of the capital gains or capital appreciation of the assets of the Fund. Fees based on performance means that the General Partner participates directly in the account's results. The Performance Fee may, indirectly, create an incentive for the Firm to make investments on behalf of the Client that are riskier or more speculative than would be the case in the absence of such a fee. This conflict is heightened when Spruce Point's performance compensation is payable only upon exceeding a high-water mark and the value of a Limited Partner's investment in the Fund is below such high-water mark.

Certain Series of Interests may not incur a performance fee. In the sole discretion of the General Partner, the Performance Fee may be waived or reduced with respect to certain Limited Partners.

Performance fees may only be charged to the accounts of qualified clients. The term qualified client means:

- (i) A natural person who, or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;
- (ii) A natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
 - a. Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,100,000. For purposes of calculating a natural person's net worth:
 - i. The person's primary residence must not be included as an asset;
 - ii. Indebtedness secured by the person's primary residence, up to the

estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and

- iii. Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or
 - b. Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or
- (iii) A natural person who immediately prior to entering into the contract is:
- a. An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or
 - b. An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

SIDE-BY-SIDE MANAGEMENT

“Side-by-Side Management” refers to a situation in which the same adviser manages accounts that are billed based only on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Spruce Point assesses the same management and performance fees for the Funds, it does not conduct side-by-side management of dissimilar advisory accounts.

ITEM 7 TYPES OF CLIENTS

A. TYPES OF CLIENTS

Spruce Point’s advisory clients include domestic and offshore funds that are exempt from registration under the Investment Company Act of 1940, as amended. Interests in the Fund are being offered under the 3(c)(1) exemption of the Investment Company Act for investment by up to one hundred (100) persons who are “accredited investors” as defined in Rule 501(a) of Regulation D under the Securities Act. The Interests will not be registered under the Securities Act or the securities laws of any state.

B. CONDITIONS FOR ACCOUNT MANAGEMENT

Spruce Point generally requires Limited Partners in the Funds to commit \$1,000,000 as a minimum initial investment, subject to Spruce Point's sole discretion to accept subscriptions for lesser amounts. A Limited Partner may make additional capital contributions to the Funds in amounts of at least \$100,000.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. METHODS OF ANALYSIS

Spruce Point's investment philosophy is that absolute returns can be generated over short and long term horizons as a result of sharing with the market Spruce Point's views about a company management's history of value creation (or destruction), reasonableness of accounting practices and assumptions chosen by management to prepare the financial statements to reflect current financial performance, product and service claims, asset valuation in relation to current and historical prices of comparable assets, and future growth prospects.

B. INVESTMENT STRATEGIES

Investment ideas are generated through a variety of methods including the tracking of management's track record of value creation or destruction, proprietary screening of financial metrics and through relationships with other market participants. Additionally, Spruce Point prefers investments that have liquid trading, active and diversified ownership, and limited short interest in the Firm's assessment.

Once an investment candidate is identified, Spruce Point conducts an in-depth review of the financial history of the company and its accounting assumptions relative to industry peers and the company's history. Management's track record regarding transparency, consistency of reported metrics, return on capital trends and capital allocation decisions are also examined. Upon completion of the financial and management reviews, Spruce Point will evaluate the integrity and competitiveness of the company's product or services, evolving consumer preferences and changes in end market growth. Based on the above analysis Spruce Point will determine a target valuation and price range for the investment.

Spruce Point expects that its findings from the diligence process will be documented in a report to be shared with the broader investment public. The report will be distributed through Spruce Point's proprietary channels (e.g., www.sprucepointcap.com) as well as through a variety of third-party websites and social media platforms in hopes of reaching

interested parties.

Please review the relevant Fund Offering Documents carefully for more information regarding the Fund's investment strategy.

C. RISK OF LOSS

Spruce Point believes that returns can be achieved by investing in the Funds; however, such investment involves a high degree of risk.

While this information provides a synopsis of the events that may affect your investments in the Funds, this listing is not exhaustive. Spruce Point urges investors to review carefully the risk factors and other material aspects of the Funds set forth in the Offering Documents before any decision whether to invest is made. We want you to understand that there are inherent risks associated with investing in the Funds; **YOU COULD LOSE ALL OR A SUBSTANTIAL AMOUNT OF YOUR INVESTMENT.**

Alternative investment products often engage in leveraging and other speculative investment practices that may increase the risk of investment loss. The Fund's success depends on Spruce Point's strategies and the ability to implement its investment strategies. There can be no assurance that the Fund will achieve its investment objectives or avoid substantial losses under all or any market conditions.

An investment in the Fund should form only a part of a complete investment program, and an investor must be able to bear the loss of his or her entire investment. Prospective investors are urged to consult with their own financial, tax and legal advisors before investing in the Fund.

Notwithstanding the method of analysis or investment strategy employed by the Firm, the assets within the Funds are subject to risk of devaluation or loss. An investor should not make an investment in the Funds with the expectation of sheltering income or receiving cash distributions.

In addition to the risk factors listed in the Offering Documents in great detail, an investor also should carefully consider the following risks prior to making an investment in the Fund:

Strategy Risks

- *General Investment Risks.* The Fund's success depends upon Spruce Point's ability to implement its investment strategy. Any factor that would make it more difficult to execute timely trades may also be detrimental to the Fund's profitability.
- *Investment and Trading Risks.* All investments involve the risk of loss of capital. Spruce Point believe that the Fund's investment program and its research and risk-management techniques moderate this risk through the careful selection of securities and other financial instruments. The Fund's investment program will utilize such investment techniques as option transactions, limited diversification, margin transactions, short sales and futures and forward contracts, which practices can, in certain circumstances, maximize

the adverse impact to which the Fund may be subject.

- *Dependence on Key Personnel.* Often, hedge fund managers have total trading authority over their funds. The success of the Fund depends in substantial part upon the skill and expertise of the principal who will be responsible for managing the Fund.
- *Investment and Due Diligence Process.* Before making investments, Spruce Point may conduct due diligence on the target investment or may assess the likelihood of potential market catalysts that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting such due diligence or making such assessments, we may be required to evaluate important and complex business, financial, tax, accounting, market sentiment, the veracity of assertions or speculation and/or legal issues. When conducting due diligence and making an assessment regarding an investment, we will rely on the resources reasonably available, which in some circumstances, whether known at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment. Data on which any fundamental analysis relied upon may be inaccurate or may be generally available to other market participants. Fundamental market information is subject to interpretation. To the extent that the Firm misinterprets the meaning of certain data, the Fund may incur losses.
- *Variable Expenses for Certain Research Consultants.* The Fund compensates certain consultants who provide research, advice or due diligence services with regard to investments via both fixed fee payments as well as variable fee payments whereby these consultants receive compensation equivalent to a percentage of profit and loss generated on the investments for which they provide research services. Such research may entail comprehensive due diligence on these companies, including examination of financial statements, discussions with management and equity research analysts, discussions with industry experts and written memos examining the investment merits of the companies in question. Spruce Point believes that these variable fee payments are more favorable for the Fund because these consultants receive fees mainly to the extent that the Fund generates positive returns on the investments for which the consultants are providing research services. However, to the extent that certain investments generate abnormally high profit for the Fund, the expenses associated with these variable fee arrangements may also be abnormally high and may lead to a high ratio of expenses to overall assets under management in the Fund.
- *General Economic Conditions.* The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation, economic uncertainty, changes in laws, and national and international political circumstances. These factors may adversely affect the level and volatility of U.S. equity prices and liquidity of the Fund's investments.
- *Execution of Orders.* The Fund's trading strategies depend on the ability to establish and maintain an overall market position in a combination of financial instruments selected by Spruce Point. The Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to employees, brokers, agents or other service providers.

- *Lack of Diversification.* The Fund is not subject to any restrictions with respect to investments in any particular issuer, industry, geography or type of investment. The Fund is likely to have a non-diversified portfolio and may have large amounts of Fund assets invested in a small number of investments. Such lack of diversification substantially increases market risks and the risk of loss associated with an investment in the Fund.
- *Short Selling.* Short selling involves selling securities that are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Lastly, even though the Fund will secure a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Fund to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Fund.
- *Litigation Expenses May Adversely Affect Returns.* Because Spruce Point engages in external communications of its investments, as described more fully in the Memorandum, the Fund, the General Partner, Spruce Point and/or their officers, directors and research consultants may be the target of defamation or other lawsuits by companies that have been publicly described as overvalued, or who have been alleged to have misled in their financial statements, and whose stock the Fund has shorted. The Fund may be obligated to pay any such litigation or settlement costs to the extent the claim is asserted against the Fund, the General Partner, Spruce Point, or any of their officers, directors or employees; provided such persons have met the standard of care entitling them to be indemnified. In addition, the Fund may be obligated to provide indemnification to certain research employees, consultants and/or other third parties who provide substantial services in relation to an investment idea that results in litigation. Litigation can be very expensive, even when the underlying claims have no merit, and litigation costs are notoriously difficult to predict. In the event the Firm’s publication efforts result in material litigation, it could adversely affect the returns that investors receive.

Risks Associated with Instruments Traded

- *Equity Securities.* The value of the equity securities held by the Fund are subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market’s perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investment.
- *Debt and Other Income Securities.* The Fund may invest in fixed-income and adjustable rate securities. Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security’s value as a result of changes in

interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Because of the resetting of interest rates, adjustable rate securities are less likely than nonadjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. The debt securities in which the Fund may invest are not required to satisfy any minimum credit rating standard and may include instruments that are considered to be of relatively poor standing and have predominantly speculative characteristics with respect to capacity to pay interest and repay principal.

- *Small- and Medium-Capitalization Stocks.* The Fund may invest its assets in stocks of companies with smaller market capitalizations. Small- and medium-capitalization companies may be of a less seasoned nature or have securities that may be traded in the over-the-counter market. These “secondary” securities often involve significantly greater risks than the securities of larger, better-known companies. In addition to being subject to the general market risk that stock prices may decline over short or even extended periods, such companies may not be well-known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. Additionally, stocks of such companies may be more volatile in price and have lower trading volumes than larger capitalized companies, which results in greater sensitivity of the market price to individual transactions.
- *New Issues.* The Fund may invest in “New Issues” as that term is defined in the New Issues Rule. Such investments offer the opportunity for significant appreciation; however, they are speculative and involve a high degree of risk. It is characteristic of the initial public offerings market that certain companies may be extremely successful, while a much higher percentage of new public companies fail. Thus, the risk of investing in initial public offerings is substantially greater than investing in the stock market as a whole.
- *Exchange Traded Funds.* The Fund may invest in a type of investment company called an exchange-traded fund (“ETF”). ETFs are a type of investment security, representing an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or the Dow Jones Industrial Average, or to represent exposure to a particular industry or sector. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses.
- *Derivative Investments.* Derivatives are financial contracts whose value depends on, or is derived from, an underlying product, such as the value of a securities index. The risks generally associated with derivatives include the risks that: (1) the value of the derivative will change in a manner detrimental to the Fund; (2) before purchasing the derivative, the Fund will not have the opportunity to observe its performance under all market conditions; (3) another party to the derivative may fail to comply with the terms of

the derivative contract; (4) the derivative may be difficult to purchase or sell; and (5) the derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations. Derivatives markets can be highly volatile. The profitability of investments by the Fund in the derivatives markets depends on the ability of the Firm to analyze correctly these markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies designed to influence world political and economic events, and changes in interest rates.

- *Option Transactions.* The purchase or sale of an option by the Fund involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying investment for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying investment does not change in price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying investment in excess of the premium payment received.
- *Futures Contracts and Options on Futures Contracts.* In entering into futures contracts and options on futures contracts, there is a credit risk that a counterparty will not be able to meet its obligations to the Fund. The counterparty for futures contracts and options on futures contracts traded in the United States exchanges is the clearinghouse associated with such exchange. In general, clearinghouses are backed by the corporate members of the clearinghouse who are required to share any financial burden resulting from the non-performance by one of its members and, as such, should significantly reduce this credit risk. In cases where the clearinghouse is not backed by the clearing members, it is normally backed by a consortium of banks or other financial institutions. There can be no assurance that any counterparty, clearing members or clearinghouse will be able to meet its obligations to the Fund.
- *Currency trading.* Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; United States and foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. Further, in currency markets specifically, fiscal, monetary, and exchange control programs and policies of governments play a large role in the fluctuation of prices between currency pairs. In addition, governments may from time to time intervene, directly and by regulation, in certain markets, particularly in the market for currencies. Such intervention is often intended to influence prices directly. Currency trading can be highly leveraged.

D. RECOMMENDATION OF SPECIFIC TYPES OF SECURITIES

Spruce Point does not recommend particular securities in the Funds. Fund investments may include, but are not limited to, equity securities, debt and other income securities,

exchange traded funds, derivative instruments including options transactions, futures and emerging markets securities.

ITEM 9 DISCIPLINARY INFORMATION

Neither Spruce Point nor any of its management persons have been involved in any legal or disciplinary events that are related to past or present investment clients or are material to a client's or prospective client's evaluation of Spruce Point's advisory business or the integrity of Spruce Point's management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. FINANCIAL INDUSTRY ACTIVITIES

Spruce Point is not a registered broker-dealer and does not have an application pending to register as a broker-dealer. Furthermore, none of Spruce Point's management or supervised persons is a registered representative of, nor has an application pending to register as a representative of, a broker-dealer.

B. FINANCIAL INDUSTRY AFFILIATIONS

Spruce Point is not a registered Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor and does not have an application pending to register as such. Furthermore, Spruce Point's management and supervised persons are not registered as and do not have an application pending to register as an associated person of the foregoing entities.

However, Spruce Point operates as an exempt commodity trading adviser pursuant to CFTC Rule 4.14(a)(8) and as an exempt commodity pool operator. As noted in Item 4, Spruce Point is affiliated with Spruce Point Capital Partners, LLC, which acts as the General Partner of the Fund. The principal owner of Spruce Point also serves as the principal owner of the General Partner, which is solely responsible for the management of the Fund. The General Partner is a commodity pool operator ("CPO") that is exempt from registration with the Commodity Futures Trading Commission ("CFTC") pursuant to CFTC Rule 4.13(a)(3) and will operate the Fund in accordance with the criteria of CFTC Rule 4.13(a)(3).

C. OTHER MATERIAL RELATIONSHIPS

As noted above, Spruce Point is related by common ownership to Spruce Point Capital Partners, LLC, as both entities are owned and controlled by Benjamin Axler. The Adviser has

a fiduciary duty to its Clients, the Funds and the Adviser and intends to manage the conflicts of interest described above in accordance with this fiduciary duty.

Spruce Point intends to share investment research publicly on its website www.sprucepointcap.com as well as other social media and traditional media outlets, including but not limited to, (1) <https://twitter.com/sprucepointcap>; (2) https://seekingalpha.com/author/ben-axler#regular_articles; (3) <https://www.hvst.com/organization/spruce-point-capital-management>; (4) <https://www.linkedin.com/in/ben-axler-a609b06/>; and (5) www.sumzero.com. Spruce Point may also share research with third parties who then communicate externally with the public regarding those investments. Spruce Point may sell its research on certain investments in which the Fund participates to third parties that engage Spruce Point for diligence services. This will create a conflict of interest between Spruce Point researching its own independently developed ideas for the Funds and the time and resources expended to provide a publication platform, after due diligence, for third party investment ideas. While Spruce Point will seek to restrict such third parties from trading such investments in a manner that is adverse to the Funds, there is no guarantee that such restrictions will be respected.

D. OTHER INVESTMENT ADVISERS

Spruce Point does not have arrangements with other investment advisers that are material to its clients or advisory business.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. DESCRIPTION OF CODE OF ETHICS

All employees of Spruce Point must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, Spruce Point has adopted a Code of Ethics ("Code") in its Employee Policies and Procedures Manual ("Manual") designed to ensure compliance with Rule 204A-1 under the Advisers Act, to specify and prohibit certain types of transactions deemed to create conflicts of interest (or the potential for or the appearance of such conflicts), and to establish reporting requirements and enforcement procedures relating to personal trading by Spruce Point personnel. Spruce Point's Code, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust.

The following are the principal elements of the Code:

- Prohibitions on IPO participation;

- Prohibition on personal trades for all employees in the same securities as Clients;
- Restriction on trading on securities on the Watch List and Restricted List;
- Pre-clearance of all outside business activities;
- Pre-clearance on all Political Activity per policy;
- Reporting requirements to Compliance including:
 - Initial and quarterly holdings disclosure
 - Initial and annual Code of Ethics certification
 - Quarterly trading disclosure
 - Initial and quarterly brokerage account disclosure
 - Initial and annual outside business affiliations disclosure
 - Initial and annual political activity disclosure
 - Initial and annual compliance 'Bad Actor' attestation

A full copy of the aforementioned Code of Ethics (and any amendments) is available to any client or prospective client upon request. Please call the Firm's CCO at (212) 519-9813 for a copy of our Code of Ethics.

Spruce Point's CCO is responsible for the implementation and administration of the Code. The CCO has the following monitoring responsibilities, including but not limited to monitoring of employee activity and maintenance of records in accordance with applicable laws and regulations. Any violation of the Code, including engaging in a prohibited transaction or failing to meet reporting requirements, may result in disciplinary action, including, suspension or termination of employment.

B. PARTICIPATION IN CLIENT ACCOUNTS

Spruce Point or a related person do not recommend or effect transactions in securities for Clients in which Spruce Point and any related person may have material financial interest. Spruce Point and its related persons do not invest in the same securities that Spruce Point or a related person recommends to the Clients.

C. PROPRIETARY /SIMULTANEOUS TRADING

Spruce Point, or a related person, do not invest in the same securities (or related securities e.g., warrants, options, or futures) that Spruce Point or a related person recommends to Clients.

Spruce Point, or a related person, do not recommend securities to Clients, or buys or sells

securities for Client accounts, at or about the same time that Spruce Point or a related person buys or sells the same securities for Spruce Point, or a related person's own account.

ITEM 12 BROKERAGE PRACTICES

A. SELECTION AND RECOMMENDATION

As a discretionary investment adviser, Spruce Point has a duty to select brokers, dealers and other trading venues that provide best execution for the Funds. Generally speaking, the duty of best execution requires an investment adviser to seek to execute securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances, considering all relevant factors. The lowest possible commission, while very important, is not the only consideration.

It is the Firm's policy to seek best execution in all portfolio trading activities for all investment disciplines and products, regardless of whether commissions are charged. This applies to trading in any instrument, security or contract including equities, bonds, and forward or derivative contracts. At least annually, Spruce Point evaluates the execution, performance and risk profile of the broker-dealers it uses.

Generally, to achieve best execution, we consider the following factors, without limitation, in selecting brokers and intermediaries: (1) the broker dealer's ability to maintain confidentiality of Spruce Point's trading activity and intentions; (2) execution capability; (3) order size and market depth; (4) commission rate charged; (5) availability of competing markets and liquidity; (6) availability of accurate information comparing markets; (7) quantity and quality of research received from the broker dealer; (8) financial responsibility of the broker-dealer; (9) reputation and integrity; (10) responsiveness; (11) recordkeeping; (12) ability and willingness to commit capital; (13) available technology; and (14) ability to address current market conditions.

If Spruce Point decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks ("ECNs"), it will also consider the following factors when choosing to use one ECN over another: the ease of use; the flexibility of the ECN compared to other ECNs; and the level of care and attention that will be given to smaller orders.

Brokerage fees paid by the Funds to its broker will vary and may be greater than those typical for other investment funds similar to the Funds if the Firm has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees.

B. RESEARCH AND OTHER SOFT DOLLAR BENEFITS

Spruce Point may use “soft dollar” benefits generated from brokerage transactions with brokers to obtain research products and services for the benefit of its Clients. When Spruce Point uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Spruce Point receives a benefit because it does not have to produce or pay for the research, products or services. It is also noted that Spruce Point may have an incentive to select or recommend a broker dealer based on Spruce Point’s interest in receiving the research or other products or services, rather than on the relevant client’s interest in receiving most favorable execution.

Supplemental market research and statistical information provided by brokers includes advice on the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, and furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. Spruce Point believes it is important to its investment decision-making processes to have access to independent research. The products and services received from broker-dealer will be used in servicing all of the Firm’s Clients.

Spruce Point maintains a soft dollar account with a brokerage firm and uses soft dollars generated by Client accounts’ trading activities to purchase research services, data services and execution software. Spruce Point will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and subject to prevailing guidance provided by the SEC regarding Section 28(e).

Where the brokerage or research services assist Spruce Point in performing functions that are not related to its investment decision making process (e.g., accounting, recordkeeping, or administrative services), Spruce Point will make a reasonable allocation of the cost of the service according to its use and only use brokerage commission to pay for the research and execution related components. Services that assist Spruce Point solely in the performance of administrative and other non-research related functions are paid exclusively from Spruce Point’s own funds and are not paid by the Clients.

At least annually, Spruce Point considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon and attempts to allocate a portion of the brokerage business of its Funds on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all the considerations described above. In no case will Spruce Point make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

C. BROKERAGE FOR CLIENT REFERRALS

Spruce Point does not currently receive client referrals from third parties for recommending the use of specific broker-dealer brokerage services.

D. DIRECTED BROKERAGE

Spruce Point investment advisory services involve managing Funds. Due to the structure of pooled investment vehicles, directed brokerage arrangements are not applicable to nor affect the investment management policies of Spruce Point.

E. ORDER AGGREGATION

Currently, all trading for the Funds occurs in the Spruce Point Master Fund. As such, order aggregation is not applicable to Spruce Point. Spruce Point may, in the future, have additional Clients. At that time, Spruce Point will review its order aggregation policy for the purpose of obtaining best pricing averages and minimizing trading costs.

ITEM 13 REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

Spruce Point reviews the Fund's investment program, including current holdings, on a continual basis. The Firm reviews the Fund's investment program to analyze rates of return, allocation of assets and to verify that the Fund's portfolio is consistent with its investment objective. Such review is conducted by Benjamin Axler, the Managing Member and CIO of Spruce Point.

B. INTERMITTENT REVIEW FACTORS

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in the Fund's objectives.

C. REPORTS

Limited Partners will receive monthly reports from the Fund's administrator, Michael J. Liccar & Co., LLC ("Liccar" or the "Administrator"). Liccar serves as an interface between the Fund and its Limited Partners. The Administrator will provide to Limited Partners monthly reports via electronic correspondence.

Audited financial statements are provided to Limited Partners within 120 days following the

Funds' fiscal year end.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. ECONOMIC BENEFITS FROM OTHERS

Spruce Point or its related persons do not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to its Clients.

B. COMPENSATION TO UNAFFILIATED THIRD PARTIES

The Firm has historically entered into agreements whereby Spruce Point provides compensation to unaffiliated third parties for referrals of investors in the Funds. The Firm compensates for referrals based upon the assets under management on a quarterly basis. A prospective investor solicited by a third party will be advised of any such arrangement, including the receipt of a portion of management and performance fees. Spruce Point also directs brokerage to firms who may refer investors to the Firm as part of its prime brokerage services.

ITEM 15 CUSTODY

A. CUSTODIAN OF ASSETS

Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them.

Spruce Point is deemed to have custody of the assets of the Fund, because it or one of its affiliates, either (i) acts as a general partner of the Fund, with the authority to dispose of funds and securities in the Fund's account or (ii) is deemed to have custody because of its ability to withdraw its fees directly from the Fund. Therefore, Spruce Point is subject to Rule 206(4)-2 of the Advisers Act (the "Custody Rule") with respect to the custody of Fund assets. Spruce Point adheres to the applicable requirements of the Custody Rule. All Fund assets are custodied with a "qualified custodian" as required under the Custody Rule. The physical assets of the Fund are held in an account with Jefferies LLC which serves as the Fund's prime brokers and the qualified custodians of the Spruce Point Master Fund's portfolio assets.

Spruce Point arranges for each Fund's financial statements to be prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited at least annually

by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules.

B. ACCOUNT STATEMENTS

Jefferies LLC will deliver transaction reports to Spruce Point. Please be advised that Spruce Point is not required to provide information about specific investment transactions of the Fund to the Limited Partners. Nonetheless, on at least a monthly basis, the Administrator will provide Limited Partners with unaudited performance reports and other pertinent information regarding the Fund's performance.

Additionally, the Funds' audited financial statements are distributed to Limited Partners within 120 days following the Funds' fiscal year end.

ITEM 16 INVESTMENT DISCRETION

Spruce Point is not limited in its authority to purchase securities for the Fund. Spruce Point has full discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold for the Fund.

ITEM 17 VOTING CLIENT SECURITIES

As required by Rule 206(4)-6 under the Advisers Act, Spruce Point has adopted written policies and procedures for voting proxies with respect to securities owned by the Funds for which Spruce Point exercises voting authority and discretion.

Spruce Point will fulfill its obligations by voting in a manner that is in the best interest of the Funds, considering its intention to promote the Funds' investment objective, to maximize investment returns, following the investment restrictions and policies of the Funds. It is Spruce Point's general policy to vote or give consent on all matters presented to security holders in any vote. However, Spruce Point may abstain from voting, but only if, in the judgment of Spruce Point, the costs associated with voting outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds. The factors Spruce Point considers will vary according to the security, and may include market information, the company's financial situation, the industry, and the Funds' investment restrictions.

Spruce Point believes that its interests are generally aligned with the Funds' and investors' interests and have identified no conflicts of interest within its proxy voting process. Nevertheless, if we determine that we are facing a material conflict of interest in voting a proxy, the matter will be referred to the CCO, who will review the circumstances and

provide for a course of action believed to be in the best interests of the Funds; all conflicts will be resolved in favor of the Funds.

Spruce Point maintains proxy voting policies and procedures and its voting records, which are available upon written request to the CCO.

ITEM 18 FINANCIAL INFORMATION

A. BALANCE SHEET REQUIREMENT

Spruce Point is not the qualified custodian for Client funds or securities and does not require prepayment of fees of more than \$500 per Client, six (6) months or more in advance.

B. FINANCIAL CONDITION

Spruce Point does not have any financial impairment that would preclude the Firm from meeting contractual commitments to Clients.

C. BANKRUPTCY PETITION

Spruce Point has not been the subject of a bankruptcy petition at any time during the last 10 years.

PRIVACY POLICY

FACTS

WHAT DOES SPRUCE POINT CAPITAL MANAGEMENT, LLC DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- Capital account balances

When you are no longer an investor, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Spruce Point Capital Management, LLC chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Spruce Point Capital Management, LLC share:	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes — to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	N/A

For our affiliates' everyday business purposes — information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness	No	N/A
For our affiliates to market to you	Yes	Yes
For non-affiliates to market to you	No	N/A

Questions?	If you have any questions concerning this privacy policy, please contact Investor Relations (email: sean.donohue@sprucepointcap.com or telephone: (212) 519-9813).
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Who we are	
Who is providing this notice?	Spruce Point Capital Management, LLC

What we do	
How does Spruce Point Capital Management, LLC protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Spruce Point Capital Management, LLC collect my personal information?	We collect your personal information, for example, when you complete and return to us executed subscription documents and related documentation.
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ■ sharing for affiliates' everyday business purposes— information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for non-affiliates to market to you

	State laws and individual companies may give you additional rights to limit sharing.
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Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> ■ <i>Spruce Point Capital Partners, LLC</i>
Non-affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> ■ <i>Spruce Point Capital Management, LLC does not share information with non-affiliates so they can market to you.</i>
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> ■ <i>Spruce Point Capital Management, LLC does not engage in joint marketing.</i>

Spruce Point Capital Management, LLC

1740 Broadway, 15th Floor

New York, NY 10019

212-519-9813

www.sprucepointcap.com

FORM ADV PART 2B BROCHURE SUPPLEMENT

March 13, 2019

ITEM 1 COVER PAGE

BENJAMIN AXLER

CHIEF INVESTMENT OFFICER

This Brochure Supplement provides information about the qualifications of Benjamin Axler, Managing Member and Chief Investment Officer of Spruce Point Capital Management, LLC ("Spruce Point" or the "Firm") that supplements the Firm's brochure. You should have received a copy of that brochure. Please contact Sean Donohue, CCO if you did not receive Spruce Point's brochure or if you have any questions about the contents of this supplement.

ITEM 2 EDUCATION AND BUSINESS EXPERIENCE

Year of Birth: 1977

Educational Background

B.S. and B.A., Statistics and Business (Marketing) from Rutgers, SUNJ-New Brunswick and a Masters in Statistics from Yale University

Business Experience

Founder and Managing Partner – Spruce Point Capital Management (Jan '09-Present)

Co-Founder – Prescience Point Research Group (Oct '12-Apr '14)

Vice President, Investment Banking – Barclay Capital (Jun '06-Oct '08)

Associate and Analyst – Investment Banking & Capital Markets – Credit Suisse First Boston (Sep '00-Jun '06)

ITEM 3 DISCIPLINARY INFORMATION

None. Benjamin Axler does not have any legal or disciplinary events material to a client's or prospective client's evaluation.

ITEM 4 OTHER BUSINESS ACTIVITIES

Benjamin Axler does not engage in other business activities.

ITEM 5 ADDITIONAL COMPENSATION

Benjamin Axler does not receive any economic benefit from any third party for providing advisory services.

ITEM 6 SUPERVISION

Benjamin Axler is the Managing Member and Chief Investment Officer of Spruce Point. Spruce Point provides investment advisory services in accordance with its policies and procedures manual. Sean Donohue serves as Spruce Point's Chief Compliance Officer and is

primarily responsible for implementation of the Firm's policies and procedures. Sean Donohue may be contacted at 212-519-9813 or sean.donohue@sprucepointcap.com for more information about this Brochure Supplement.