

Spruce Investment Advisors LLC

Part 2A of Form ADV

The Brochure

One Stamford Plaza
263 Tresser Boulevard
15th Floor
Stamford, CT 06901

Updated: March 2020

This brochure provides information about the qualifications and business practices of Spruce Investment Advisors LLC (“Spruce”). If you have any questions about the contents of this brochure, please contact us at 203-428-2600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Any reference to Spruce Investment Advisors LLC as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.

Material Changes

Spruce's most recent update to Part 2A of Form ADV was made in March 2019. The following are material changes to Spruce's business activities since the time of this last update:

In January 2019, Mr. Michael Mahaffy became co-Managing Member, purchasing a minority ownership interest in Spruce and joining Mr. John Bailey as the principal owners of Spruce.

Other than the aforementioned changes, Spruce's business activities have not changed materially since the time of the last update. We encourage clients, investors, and prospective clients and investors to review the entirety of this brochure.

Table of Contents

Material Changes	2
Table of Contents	3
Advisory Business	3
Fees and Compensation	4
Performance Based Fees and Side-by-Side Management	6
Types of Clients	7
Methods of Analysis, Investment Strategies and Risk of Loss	7
Disciplinary Information	12
Other Financial Industry Activities and Affiliations	12
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Brokerage Practices	14
Review of Accounts	16
Client Referrals and Other Compensation	17
Custody	17
Investment Discretion	18
Voting Client Securities	18
Financial Information	19

Advisory Business

Spruce was founded in December of 2001 by John Bailey who along with Michael Mahaffy comprise the principal owners. As of December 31, 2019, Spruce advises \$209,953,394 on a discretionary basis and \$98,045 on a non-discretionary basis.

Spruce provides investment management services to individually managed client accounts (the “Managed Accounts”) directly and through a multi-manager program. Investments for Managed Accounts are determined based upon the client’s investment objectives, risk tolerance, net worth, net income and other various suitability factors. Spruce manages the Managed Accounts on an individualized basis. Spruce will furnish performance measurement services to its clients, provided by the custodian broker/dealer and through internally generated reports, in the form of performance evaluation reports. The internal reports are intended to inform clients as to how their investments have performed for the selected period.

Spruce also provides investment management services to private pooled investment vehicles organized as Delaware limited partnerships, Spruce Private Investments Fund LP, Spruce Private Investments Fund II LP, Spruce Direct Investment Fund I LP, (represent the Domestic Funds). In addition Spruce provides investment management services to private pooled investment vehicle organized as Cayman Limited Companies, Spruce Private Investments Fund II (Offshore) LP, (represent the “Cayman Fund”).

The interests in these funds are offered to investors on a private placement basis, pursuant to Section 3(c)(1) and Section 3(c) (7) of the Investment Company Act of 1940, to persons who are "accredited investors" as defined under the Securities Act of 1933 and "qualified purchasers" as

defined under the Investment Company Act of 1940. In connection with providing these investment management services, Spruce Capital Management, LLC, an affiliate of Spruce, has been appointed General Partner with discretionary trading authorization of the Domestic Funds and the Cayman Funds (collectively the “Funds”), with the exception of Spruce Direct Investment Fund I LP (“SDIF”) which has Spruce Management LLC as its General Partner. In conjunction with the launch of SDIF and a related transaction with another investment adviser, Spruce became the investment adviser to approximately 100 privately offered funds though approximately 37 remain as of December 31, 2019. The acquired privately offered funds (“Acquired Funds”) generally hold distressed equity interests in real asset operating and management companies. Spruce or affiliates and SDIF will receive a portion of any proceeds upon sale of the underlying assets in the acquired privately offered funds.

Spruce does not tailor investment decisions to the needs of any particular Fund investor and investors may not impose any restrictions on the Funds. Therefore, Investors should consider whether the Fund meets their investment objectives and risk tolerance prior to investing in the Funds. Information about each Fund can be found in its offering documents, including its private placement memorandum.

Fees and Compensation

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

Option 1: Diversified Portfolio with Management Fee Only*

First \$50 million:	0.75% per annum
Next \$50 million:	0.40% per annum
Next \$100 million:	0.20% per annum
Above \$200 million:	Negotiable

* Subject to minimum annual fee of \$75,000

Spruce imposes a minimum annual fee of \$100,000, which may be waived or reduced at the General Partners discretion.

Spruce charges fees monthly and/or quarterly in arrears based on the account value at the end of the prior month/quarter. Most clients authorize Spruce to deduct fees automatically from their custodial accounts, but clients may request that Spruce send monthly invoices to be paid by check. All fees are negotiable. Clients may also elect to have their fees calculated based upon the market values calculated by their custodian or by Spruce. Accounts initiated or terminated during a billing period will be charged a prorated fee based on the time Spruce managed the account.

Management fees charged by Spruce are separate and distinct from, and in addition to, any fees and expenses charged by investment managers recommended to clients by Spruce and fees charged in connection with an investment in a third-party pooled investment vehicle, including mutual funds and private investment funds, and other similar investment products (e.g., exchange-traded funds), which may be recommended to clients. A description of these and other expenses are available from the investment manager, in each mutual fund’s prospectus, or the

applicable fund governing documents. In addition, Clients bear custodial fees and brokerage and other transaction costs. Please refer to the Brokerage Practices section of this brochure for details on Spruce's brokerage arrangements. The Funds including SDIF and the Acquired Funds will also bear all of their operating costs which often includes a pro rata share of the respective Master Fund's expenses, including investment expenses, including, without limitation, the Management Fee, fees and expenses related to the purchase and sale of securities (such as brokerage commissions; expenses relating to short sales; clearing and settlement charges; custodial fees; bank service fees and interest expenses; borrowing costs and investment-related travel expenses); due diligence costs, investment banking fees, sourcing or finder's fees (which may include a management fee component and/or a performance fee component); legal expenses; professional fees (including, without limitation, expenses of consultants and experts) relating to investments; research expenses (including, without limitation, fees and expenses related to software, hardware and data related to risk assessment, risk monitoring and other investment research and monitoring and fees and expenses of consultants and experts hired by Spruce to provide advice or services related to risk assessment, risk monitoring and other investment research and monitoring, investment-related travel and lodging expenses;); professional fees (including, without limitation, expenses of consultants, valuation firms and other experts); the costs of organizing and maintaining any Alternative Investment Vehicles; the costs and expenses incurred in connection with any indebtedness of the Fund and its subsidiaries, including, without limitation, the costs of establishing such indebtedness; accounting expenses (including the cost of accounting software or hardware packages); auditing and tax preparation expenses; costs of printing and mailing reports and notices; taxes; corporate licensing; expenses related to preparing and making regulatory and compliance filings associated with the Fund's investment activities (including, without limitation, filing preparation and fees, software and systems in connection with such filings and expenses of service providers such as consultants and advisers) including Form PF; organizational expenses; fees to the Administrator; market data costs; costs of printing and mailing reports and notices; expenses relating to the offer and sale of Interests; liability insurance and related insurance for the benefit of the General Partner, Spruce or their Affiliates (including the Fund's pro rata portion of any applicable insurance premiums); indemnification expenses; corporate licensing fees and other professional fees; bank service fees; withholding and transfer fees; entity-level taxes; other expenses related to the purchase, monitoring, sale, settlement, custody or transmittal of Portfolio Investments; loan administration costs; extraordinary expenses; and other similar expenses related to the Funds. The fees and expenses applicable to each Fund are set forth in detail in each of the Fund's Governing Documents. If a Fund and one or more other Funds, or other Clients of Spruce or its affiliates manage, may be responsible for some or all of a particular cost, Spruce or an affiliate may allocate the cost among all those entities, Clients, and Funds in its discretion. The Funds may amortize organizational costs over the first 60 months.

For investors that have an Investment Management Agreement, Spruce Private Investments Fund II LP and Spruce Private Investments Fund II LP Cayman have an imbedded 50 bps management fee per annum that is calculated on a quarterly basis from each investors capital balance (as calculated by the Fund Administrator, SEI Global Services Inc). Per the terms of the Funds documents and for investors who also have an Investment Management Agreement with Spruce, this management fee of 50 bps is above and beyond their Spruce Advisory Fee calculation, for which the market value of the Spruce Private Investments Fund II LP or Spruce Private Investments Fund II LP Cayman investments is also included in their aggregate Spruce advisory

fee calculation. Investors that do not have a Spruce Managed Account or Investment Management Agreement are subject to the applicable fees described in the Fund documents applicable to the share class they select. In the case of a Managed Account, fees and expenses are defined and detailed in the investment management agreement and are subject to negotiation. The fees charged to any given Client may be higher than fees charged to other Clients for advisory services to accounts of comparable size and investment objectives.

Spruce Direct Investment Fund I LP has an imbedded 100 bps annualized management fee as per terms of its organizational documents that is assessed on the amount of an investor's contributed capital. A Spruce Direct Investment Fund I LP investor's contributed capital balances are excluded from Spruce Advisory Fees for investors who have an Investment Management Agreement with Spruce. As previously mentioned, in conjunction with the launch of Spruce Direct Investments Fund I LP and a related transaction with another investment adviser, Spruce became the investment adviser to approximately 100 privately offered funds. The Acquired Funds generally hold distressed equity interests in real asset operating and management companies. Spruce or affiliates and SDIF will receive a portion of any proceeds upon sale of the underlying assets in the Acquired Funds.

The Funds may also engage in borrowings periodically to finance investments pending receipt of subscriptions from investors or to pay redemptions from underlying funds. Select Spruce Funds have entered into lines of credit to enable such borrowings periodically although Spruce cannot ensure that any such line of credit will be continued or that amounts available thereunder will be sufficient to satisfy the intended use. The Funds bear costs related to these lines of credit which include a fee on the amount borrowed as well as a fixed fee based on the unused portion of the credit line. Withdrawals of capital from a Fund may also be subject to a redemption fee, payable to the affected Fund, for redemptions made in less than the term the investor agreed to, as described in the relevant offering documents.

Performance Based Fees and Side-by-Side Management

Spruce does not charge clients or investors a performance based fee at the present time, however, it may offer private funds that do so in the future. As previously mentioned, Spruce or affiliates along with SDIF will receive a portion of any proceeds upon sale of the underlying assets in the Acquired Funds.

A performance fee or portion of any proceeds upon sale may create an incentive for Spruce to make or retain more speculative investments than would otherwise be made or held, or make decisions regarding the timing and manner of realization of investments differently than if a performance fee or portion of any sale proceeds were not received.

A performance fee arrangement also creates an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Spruce has allocation practices in place that are reasonably designed to promote fair and equitable allocations of investment opportunities among its client accounts over time and are reasonably designed to comply with applicable regulatory requirements. Such practices are designed to reasonably ensure that accounts are treated in a fair and equitable manner over time.

A performance fee is based in part on unrealized gains and losses, so Spruce could have an incentive to inflate the value of client assets through fair valuation determinations. Despite the presence of these conflicts of interest, Spruce seeks to act fairly when it values client assets and has established written valuation policies and procedures.

Types of Clients

Spruce primarily provides customized investment management services to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or other business entities. In addition, Spruce provides advice and oversight to proprietary private investment funds that are exempt from registration under Section 3(c)(7) and 3(c)(1) of the Investment Company Act of 1940. Investors in the Funds generally include those persons and entities identified above. The proprietary funds generally require a minimum initial investment of \$5,000,000. The minimum amount may be waived at Spruce's discretion. Clients or investors or their affiliates may also be service providers to the Funds or Company.

Methods of Analysis, Investment Strategies and Risk of Loss

We provide investment advice to the types of investments including but not limited to exchange-listed securities, securities traded over the counter, foreign issuers, municipal securities, mutual funds, option contracts, futures contracts, partnerships and privately offered pooled vehicles investing in equities, real estate, oil and gas interests, and distressed equity positions generally in real asset operating and management companies. Investment Policy Statements ("IPS") are crafted for most Managed Account Clients. The purpose of the IPS is to establish a clear understanding between the client and Spruce as to the investment objectives and management policies that will govern Spruce's management of your portfolio.

In addition we provide advice with respect to other private investment fund interests including the proprietary: Spruce Private Investments Fund LP, Spruce Private Investments Fund II LP & Spruce Private Investments Fund II offshore LP, and Spruce Direct Investment Fund I LP. In conjunction with the launch of Spruce Direct Investments Fund I LP Spruce also became the investment adviser to approximately 37 privately offered funds. The Acquired Funds generally hold distressed equity interests in real asset operating and management companies. Investors in the Funds will be provided a Private Placement Memorandum that details the strategy of the respective Fund.

All investing involves a risk of loss and the investment strategies offered by Spruce could lose money over short or even long periods. Performance could be hurt by any number of different market risks including but not limited to:

- Stock market risk, which is the chance that stock prices will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices; and

- Sector risk, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.

The identification of securities and other assets believed to be undervalued is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Furthermore, clients may be forced to hold such investments for a substantial period of time before realizing their anticipated value.

Spruce invests in non-U.S. securities for many clients. International securities will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. issuers and markets are subject. These risks include political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels and limitations on the use or transfer of assets. Some international investments are made in emerging markets. Investments in emerging markets may be impacted by economic conditions in which those companies operate. Many developing countries have a history of economic instability and Spruce's success may depend on the overall level of economic activity and political stability in these emerging markets. Clients who invest in fixed income face risks including:

- The bond issuer's inability to pay interest or repay the bond;
- Changes in market interest rates cause the bond's value to fall;
- Illiquidity in the bond market may make the bond difficult or impossible to sell;
- The bond issuer may repay the bond prior to maturity; or
- Inflation may reduce the effective yield on the bond's interest payments.

Investors in the Funds and Clients employing Spruce's strategies may incur risks in addition to those discussed above. Additional risks of the strategies include:

- Management risk - the risk associated with ineffective or underperforming management. For example, management may elect or overleverage or invest in volatile or under-maintaining assets;
- Structure risk – investors generally have fewer rights in a limited partnership structure and general partners of the entity may have conflicts of interest with the limited partners;
- Interest Rate risk – large changes in interest rates of alternative income instruments can affect returns; Risk of Loss - The investment objective of each Fund involves significant risk factors and is suitable only for experienced and sophisticated investors who can bear the economic risk of the loss of their entire investment and who have limited need for liquidity;

- **Manager Style Drift and Failure to Meet Objectives** - There can be no assurances that the Funds will achieve their investment objectives. Spruce's identification and selection of managers also cannot ensure that selected underlying managers will perform as expected and Spruce would not necessarily be aware of certain activities at the underlying manager level, including an underlying manager's engaging in undisclosed risks, deviations for stated investment objectives, or even regulatory issues or fraud. There is also a risk that underlying managers or funds may not meet their stated objectives which could result in a complete loss of a Spruce Fund's investment with such underlying fund or manager; or
- **Underlying Manager Risks** - Investments with underlying managers or funds carry additional risks including, but not limited to, leverage, lack of diversification, lack of transparency, lack of liquidity, key personnel risk, and reliance on underlying managers for key performance and valuation metrics.

Risks Associated with Private Equity Investments

Some of the private investments made by Spruce will involve private equity investments in real asset operating and management companies. This type of private equity investment is subject to a number of risks, including market conditions, changes in regulatory requirements, reliance on management, interest rate and currency fluctuations, general economic conditions, domestic or foreign political developments, capital market conditions and other factors. There can be no assurance that the future performance of Partnership will be positive or that investments will result in rates of return that are consistent with prior performance.

Private equity investments often involve risks associated with investment in companies in an early stage of development or with little or no operating history, companies operating at a loss or with substantial variation in operating results from period to period, companies with the need for substantial additional capital to support expansion or to maintain a competitive position, or companies with significant financial leverage. These companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and stronger management teams. Some investments may involve leveraged buyout financing which in turn involve risks associated with the substantial indebtedness incurred in connection with such transactions. The profitability of such investments, as well as the appreciation of such investments in value, whether held directly or indirectly by Spruce, will depend in part upon prevailing interest rates and the ability of borrowers to meet interest payments arising under their debt obligations.

Through its investments, Spruce or investors will have exposures to movements in the overall economy, to specific industrial or economic sectors, and to specific businesses or properties. In addition, general securities market conditions or specific factors may adversely affect the market values of these investments. Spruce will also invest in a limited number of portfolio investments. Therefore, the poor performance of even a single investment may have a substantially adverse effect on the aggregate return of any of the Funds.

In addition, Spruce expects that the market valuations of the assets held may vary widely and may change sharply due to cyclical changes. As a result, there can be no assurance that the future

market value of these underlying assets will be equal to or higher than their present market value, nor can there be any assurance that the historical profitability of these assets or investment strategies will be maintained. Laws, regulations, and related judicial decisions and administrative interpretations are subject to change, and new laws and regulations are frequently introduced that may affect the investments. These regulations may have a significant adverse impact on the financial condition, prospects, and profitability of the portfolio investments and, ultimately, the investments.

The underlying assets are subject to substantial operating risks, over which Spruce may have little or no control. These hazards could result in substantial losses to these companies due to injury and loss of life; severe damage to and destruction of property and equipment; pollution and other environmental damage; suspension of operations; and costs of remediation. Spruce expects that underlying portfolio companies carry insurance in accordance with customary and prudent business practices. Still, these companies will not be able to insure fully against all risks associated with their business, either because such insurance is not available or because the cost of such insurance would be prohibitive.

As with any investment in private companies, one risk is illiquidity of the underlying assets. While there is a more robust secondary market for private investments than there was just two decades ago, there is no exchange on which these assets trade, so any sale would be on a negotiated basis. Should any of the underlying investments go through an initial public offering, the existing shareholders would likely be subject to a lockup period before being able to sell their shares. An underlying portfolio company could experience a liquidity crisis and either file for bankruptcy or raise additional equity capital, resulting in dilution to the existing equity holders.

There will be an ongoing cost to service the private equity portfolio. These costs could be higher than anticipated, potentially requiring investors to invest more capital than expected to fulfill the managing member/general partner obligations until a liquidity event occurs.

A small percentage of the portfolio companies may drive most of the investment returns. The other members of a given LLC or LP could also initiate a lawsuit against the managing member/general partner of that entity including Spruce or an affiliate, requiring time and capital to be expended on defending and/or settling such an action.

Spruce's methods of analysis also include, but are not limited to: charting, fundamental analysis, technical analysis, and cyclical analysis. Some of the sources of information Spruce uses consist of research materials prepared by others and proprietary models that are based, in part, on historical and current market information, as a basis for some investment decisions.

There can be no assurance that Clients will achieve their investment objectives. Investing in securities and commodity interests involves risk of loss that Clients and Fund Investors should be prepared to bear. Spruce intends to utilize leverage in its investment processes.

Additional risks involving an investment in the Funds are discussed in each of the Fund's Private Placement Memorandum which prospective investors should carefully review prior to investing.

Exchange Traded Funds (“ETFs”)

ETFs are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes are often either broad-based, sector, style-based, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, potential liquidity risks, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a pro rata portion of the ETF's expenses, including management fees. Accordingly, Spruce clients also indirectly bear similar expenses when investing in an ETF. A client's actual return will be reduced by the advisory fees and any other expenses incurred by Spruce in the management of an investment advisory account.

Cybersecurity Risk

As part of its business, Spruce processes, stores and transmits large amounts of electronic information, including information relating to Client transactions and personally identifiable information of Clients and investors. Similarly, service providers of Spruce or the privately offered fund, especially the Fund Administrator, may process, store and transmit such information. Spruce has procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Spruce may be susceptible to compromise, leading to a breach of Spruce's network. Spruce's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by Spruce to Clients or Fund investors may also be susceptible to compromise. Breach of Spruce's information systems may cause information relating to the transactions of the privately offered Funds or personally identifiable information of Clients or Fund investors to be lost or improperly accessed, used or disclosed. The service providers of Spruce and the privately offered Funds are subject to the same electronic information security threats as Spruce. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of Spruce and personally identifiable information of Clients or Fund investors may be lost or improperly accessed, used or disclosed. The loss or improper access, use or disclosure of the Spruce's or Client's proprietary information may cause Spruce or Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Clients and Client's investments.

Business, Terrorism and Catastrophe Risks

Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be

substantial and could have a material adverse effect on Spruce's business and Clients' portfolios including investments made by Spruce.

Disciplinary Information

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

Other Financial Industry Activities and Affiliations

Spruce Capital Management, LLC, a related person to Spruce, acts as the general partner of the Funds, with the exception of Spruce Direct Investment Fund I LP which has Spruce Management LLC as its General Partner. Certain of Spruce's Managed Account clients invest in the Funds. Absent specific authority, Spruce does not exercise discretionary authority with respect to such clients' decision to invest in the Funds. Spruce Capital Management, LLC and Spruce Management LLC are controlled by the same owners. Spruce Funds do not have independent management, and while the Cayman Fund clients have a majority of independent directors, Spruce hires and retains the directors. Although this arrangement may give Spruce heightened control and discretion over the Funds, we aim to manage any potential conflicts of interest by strictly adhering to the investment strategy and investment allocation policy discussed in their offering documents.

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

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

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Spruce, its affiliates, and personnel (each an "Advisory Affiliate" and, collectively, the "Advisory Affiliates"). Spruce has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. The Advisory Affiliates may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the Funds or Managed Accounts. The Advisory Affiliates may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for the Funds or Managed Accounts. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds or Managed Accounts. Potential conflicts also may arise due to the fact the Advisory Affiliates may have investments in some Funds but not in others or may have different levels of investments in the various Funds, and because the Funds may pay different levels of fees to Spruce.

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

Spruce strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Spruce has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Funds and Managed Accounts, including the Funds' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times. The Code also places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to Spruce on a periodic basis, and requires that employees preclear certain types of personal securities transactions.

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

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

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

on Inside Information. Accordingly, Spruce may not have access to Inside Information that other market participants or counterparties are eligible to receive.

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

Spruce, may from time to time offer certain persons, including existing investors or Clients (including employees or affiliates of Spruce), strategic investors or other third parties, the opportunity to co-invest in particular investments subject to certain restrictions. If a particular investment opportunity falls within the investment objective of more than one Spruce entity, then Spruce will allocate such opportunity (including co-investment opportunities) on a basis that Spruce reasonably determines in good faith to be fair and reasonable. Spruce applies its discretion when offering co-investment opportunities to investors, Clients, employees, and others, taking into account facts and circumstances which may include the size of the investor's investments, investor's perceived interest in co-investments, the nature of the transaction, speed of execution required, tax considerations, familiarity with and history of investing in the relevant industry, ability to provide strategic insights, and other factors believed relevant. In addition to Spruce's right to permit one or more investors or Clients to invest in transactions in which a Spruce Client invests, existing and prospective investors should note that Spruce may offer co-investment opportunities in its sole discretion, is not expected to offer co-investment to all existing Clients or Investors, and may allocate any such opportunities in its sole discretion.

Brokerage Practices

In selecting brokers, banks, and dealers to effect portfolio transactions, the General Partner for the Domestic Funds and for the Cayman Funds and the Managed Accounts, seeks best execution and has authority to and may consider such factors as price, size of order, difficulty of execution, the ability of the brokers, banks, and dealers to effect the transaction, operational facilities of the firm involved and the firm's risk in positioning a block of securities, reliability and financial responsibility and any products or services provided by such brokers, banks, and dealers. Such products and services generally may be of benefit to the Funds and Managed Accounts but may not directly relate to transactions on behalf of any particular Fund or Managed Account or any investment companies in which a Fund or Managed Account is invested. Accordingly, if Spruce or the General Partner determines in good faith that the amount of transaction costs (e.g., commissions, markups, and markdowns) imposed by a broker, bank, or dealer is reasonable in relation to the value of the products or services provided by such broker, bank, or dealer, Spruce or the General Partner may incur transaction costs to such broker, bank, or dealer in an amount greater than the amount that might be incurred if another broker, bank or dealer were used.

Research and brokerage services obtained by the use of commissions arising from multiple Client portfolio transactions may be used by Spruce in its other investment activities. Products or

services may include research reports on particular sectors, industries, and companies, written information and analyses concerning specific securities, economic surveys and analyses, statistics and pricing or appraisal services, as well as discussion with research personnel, recommendations as to specific securities and other products or services (e.g., quotation equipment and computer-related costs and expenses) providing lawful and appropriate assistance to Spruce or the General Partner in the performance of its investment decision-making responsibilities. "Soft dollar" payments or rebates of amounts paid to brokers, banks, and dealers may arise from over-the-counter principal transactions, as well as exchange traded agency transactions.

The use of commissions or "soft dollars" to pay for research products or services will generally fall within the safe harbor for soft dollars created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under Section 28(e), research obtained with soft dollars may be used by Spruce or the General Partner to service other accounts. Where a product or service obtained with commission dollars provides both research and non-research assistance, Spruce and the General Partner will generally make a reasonable allocation of the cost which may be paid for with commission dollars. Spruce may also have an incentive to select or recommend a broker-dealer based on their interest in receiving the research or other products or services. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Spruce's allocation of the costs of such benefits and services between those that primarily benefit Spruce and those that primarily benefit the Funds and Managed Accounts.

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

Clients may sometimes request that a particular broker dealer or select group of broker dealers be used to effect transactions in their accounts, or may request that certain broker dealers be restricted from effecting such transactions. These limitations may result in Clients paying more for such services than would be the case particularly because such directed brokerage relationships may cause the client to pay higher brokerage commissions and could restrict the ability of Spruce to aggregate orders thus impacting their execution.

Spruce may receive introductions to Investors through broker-dealers that execute trades on behalf of Spruce though Spruce does not believe that it pays any additional fees or higher commissions as a result of these introductions. Spruce seeks best execution on all transactions. However, Spruce may have an incentive to select or use a broker-dealer based on receiving Investor referrals from that counterparty.

Spruce may aggregate certain Managed Accounts' transactions together and allocate the transacted shares to Managed Accounts based on a basis that Spruce believes are fair and equitable. Spruce will take into account a variety of factors, including, but not limited to: (i) current and projected relative asset levels of each account; (ii) each account's current and projected available cash for investment; (iii) the accounts' different investment "styles" predetermined broad risk parameters; (iv) the existence of any investment restrictions or regulatory limitations on an account's investment activity; and (v) an account's risk profile. Each

allocation decision is made based on the total mix of factors deemed relevant by Spruce, with no set weight accorded to any one factor. Generally, each Managed Account that participates in the acquisition or disposition of shares on the same date should do so at the same price per share, and should be subject to the same transaction cost structure. Allocation determinations will generally be determined prior to placing transactions for the Managed Accounts. If a trade is partially filled at the end of the day, Spruce will instruct the executing broker-dealer to allocate the trade pro-rata based on written preallocation instructions. De minimis deviations from the pre-allocation are permitted. For the Funds, Spruce will take into account a variety of factors, including, but not limited to: (i) current and projected relative asset levels of the Funds; (ii) each Fund's current and projected available cash for investment; (iii) the number of interests in the Underlying Manager being offered currently and anticipated to be offered in the future; (iv) the size of current and projected investments by each Fund in an Underlying Manager; (v) the Funds' different investment "styles" predetermined broad risk parameters; (vi) any limitations imposed by the portfolio manager of an Underlying Manager regarding the size of the positions that may be taken (minimum or maximum) for a Fund, thereby limiting the size of the Fund's position or the availability of the investment opportunity; (vii) the existence of any investment restrictions or regulatory limitations on a Fund's investment activity; and (viii) a Fund's risk profile. Each allocation decision is made based on the total mix of factors deemed relevant by Spruce, with no set weight accorded to any one factor. Generally, each Fund that participates in the acquisition or disposition of interests on the same date should do so at the same price per share, or net asset value in the case of a partnership that employs capital accounting, and should be subject to the same transaction cost structure. Allocation determinations typically will be determined prior to placing transactions for the Funds. Instances in which Client orders will not be aggregated include, but are not limited to, the following: (i) clients directing Spruce to use certain broker/dealers, in which case such orders shall be separately effected; (ii) investment professionals determining that the aggregation is not appropriate because of market conditions; (iii) situations where Spruce must effect the transactions at different times or prices, making aggregation unfeasible; and (iv) a determination by Spruce not to aggregate orders because of tax, legal, regulatory or administrative reasons.

If Spruce makes an error while placing a trade for a managed account client, the Company will seek to correct the error promptly in a way that mitigates any losses. Spruce will bear any costs associated with correcting any error. However, as disclosed in the Private Funds' PPMs, the cost of errors in the Private Funds' accounts will be borne by the funds unless an error is the result of bad faith, gross negligence, or willful misconduct by Spruce. Gains associated with any trade error shall be retained by the affected Client(s). The Company will generally not net gains and losses associated with multiple errors related to separate investment decisions, but gains and losses stemming from an interrelated set of errors may generally be netted. Spruce has a conflict of interest in determining whether an error has occurred or was caused as a result of bad faith, gross negligence, or willful misconduct.

Review of Accounts

Spruce reviewers, who are listed in Part 2B of Form ADV, have the primary responsibility for reviewing client accounts. The number of accounts assigned to each reviewer varies as a result of

differing client characteristics and requirements. The individual who is in charge of leading the account review is generally the client service individual in charge of the client relationship.

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

Investors in the Spruce Funds receive monthly statements from SEI Global Services, Inc, the Funds' administrator, documenting the capital account balance and performance of their account. Spruce sends to each Managed Account owner and Fund investor a monthly fair market valuation report which documents the performance of their entire portfolio. The auditors of the Spruce Funds prepare K-1's and tax reports and audited financial statements that are provided to Spruce Fund investors concerning their respective funds annually.

Client Referrals and Other Compensation

Spruce does not receive any economic benefits from non-clients in connection with the provision of investment advice to clients.

Spruce may also compensate unaffiliated, third-party solicitors for the referral of advisory clients. Such fees are paid in accordance with the provisions of Rule 206(4)-3 under the Advisers Act. The client does not incur any additional fees as a result of this arrangement.

Custody

All Managed Account and Spruce Funds clients' accounts are held in custody by unaffiliated broker/dealers or banks. Spruce can access Managed Accounts through its ability to debit advisory fees. For this reason Spruce is considered to have custody of Client assets. Account custodians send statements directly to the account owners of Managed Accounts on at least a quarterly basis. Clients should carefully review these statements and should compare these statements to any account information provided by Spruce.

Spruce also has access to Client accounts since it or an affiliate serves as the managing member or general partner of Funds. Fund Investors will not receive statements from the custodian. Instead the Funds are subject to an annual audit and the audited financial statements are distributed to each limited partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days (or 180 days for a fund of funds) of the partnership's fiscal year end.

Clients' cash and securities are generally held by banks and broker/dealers that meet the definition of a "qualified custodian" under the SEC's "custody rule." Certain Fund assets of the Acquired Funds, such as those issued by physical certificates or that are uncertificated and reflected on the issuer's books and records only are not reflected on the books and records of qualified custodians. However, the respective private fund auditors review Fund assets on an annual basis. Each year, all investors in our private funds receive our private funds' audited financial statements. Spruce also has procedures to ensure stock certificates are appropriately safeguarded and can be replaced upon loss or destruction.

Investment Discretion

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

For non-discretionary clients, Spruce creates a recommended Asset Allocation and Implementation Schedule on an ongoing basis. Upon authorization from the client, the implementation will be completed. The authorization requirement may result in Clients paying more for execution than would be the case for discretionary Clients because the delay in receiving Client authorization may impact the timing of execution and cause the client to pay higher brokerage commissions or execution costs due to the ability of Spruce to aggregate orders.

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

Voting Client Securities

Spruce did not engage in proxy voting in 2019. Spruce does not vote proxies for Managed Accounts. The Client retains voting responsibility, and will receive proxy material directly from their custody bank. However, Spruce may have opportunities to vote the proxies of companies on behalf of the Funds. In voting Fund proxies, Spruce is guided by general fiduciary principles. Spruce's goal is to act prudently, solely in the best interests of the Fund(s) and consistent with efforts to achieve the Fund's stated objectives, including maximizing portfolio value. Spruce will vote proxies on a case-by-case basis, but will generally vote for any proposals that Spruce believes will offer fair value to the Fund.

Spruce follows procedures that are designed to identify conflicts or potential conflicts that could arise between its own interests and those of its Clients. If it is determined that any such conflict or potential conflict is not material, Spruce may vote proxies notwithstanding the existence of the conflict. If it is determined, however, that a conflict of interest or potential conflict of interest is material, appropriate personnel of Spruce will work to agree upon a method to resolve such conflict before voting proxies affected by the conflict.

All proxies that Spruce receives will be treated in accordance with Spruce's policies and procedures. A separately managed account may contact Spruce's Compliance Staff to revoke Spruce's discretionary voting authority or instruct voting for a particular proxy solicitation.

Fund Investors may request a copy of Spruce's Proxy Voting Policies and Procedures, as well as applicable proxy voting records, by contacting Spruce at 203-428-2600.

Regarding Class Actions, Spruce does not advise clients with respect to class action lawsuits involving securities held or previously held by the client. However, upon a client's request, Spruce may assist a client in the administrative activities related to the filing of class actions

claims. For example, it may gather requisite information it has and forward to the client, or assist the client in completing paperwork. The decision of whether to participate in the recovery or opt-out may be a legal one that Spruce will not make for the client. Spruce shall retain the responsibility for making class action decisions on behalf of the domestic private investment funds managed by the Firm. If Spruce does participate and later receives any recovery amounts, they will be distributed to the applicable Clients at the time the recovery amounts are received from the settlement agent.

Spruce will return any documentation inadvertently received regarding Clients' participation in class actions to the sender, or forward such information to the appropriate Clients. Spruce shall retain all documentation related to class actions received on behalf of the domestic private investment funds.

Financial Information

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