

OFI PRIVATE INVESTMENTS INC.

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FORM ADV PART 2A BROCHURE

March 30, 2012

This Form ADV Part 2A Brochure (“Brochure”) provides information about the qualifications and business practices of OFI Private Investments Inc. If you have any questions about the contents of this Brochure, please contact us at (212) 323-0200. Additional information about OFI Private Investments Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

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. OFI Private Investments Inc. is registered with the SEC as an investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Item 2 – Material Changes

The following is a summary of the material changes made to this Brochure since the last annual update on March 31, 2011:

- Overall, changes have been made to the formatting of the Brochure.
- Item 4 - updated to include the Adviser's assets under management as of December 31, 2011 and to remove the reference to the provision of services to certain Private Funds.
- Item 7 - revised to update the description of the types of clients.
- Item 8 - updated to remove the descriptions the Index Strategies.
- Item 9 - revised to include updated litigation disclosure.
- Item 10 – revised to include updated financial industry activities and affiliations.
- Item 11 - revised to include amendments to the Adviser's Code of Ethics.
- Item 12 - updated to include an updated and enhanced description of the Adviser's brokerage practices.
- Item 14 - updated to include a client referral compensation arrangement by the Adviser's Affiliate.
- Item 17 - updated to include an enhanced description of the Proxy Voting Policy and Guidelines.

Pursuant to new SEC rules, we will ensure that you receive an updated Brochure or a summary of any material changes to the Brochure within 120 days of the end of our fiscal year. We may further provide to you, without charge, disclosure information regarding material changes to our business during the fiscal year as necessary.

Table of Contents

Item 2 – Material Changes	ii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	4
Item 6 – Performance-Based Fees and Side-By-Side Management	5
Item 7 – Types of Clients	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 – Disciplinary Information	9
Item 10 – Other Financial Industry Activities and Affiliations	12
Item 11 – Code of Ethics	13
Item 12 – Brokerage Practices	18
Item 13 – Review of Accounts	26
Item 14 – Client Referrals and Other Compensation	26
Item 15 – Custody	27
Item 16 – Investment Discretion	27
Item 17 – Voting Client Securities	27
Item 18 – Financial Information	30
Appendix A - Privacy Notice	31

Item 4 – Advisory Business

OFI Private Investments Inc. (the “Adviser”) is an investment adviser that has been registered under the Investment Advisers Act of 1940 (“Advisers Act”) since 2000. The Adviser is a wholly-owned subsidiary of OppenheimerFunds, Inc. (“OFI”), which, in turn, is a wholly-owned subsidiary of Oppenheimer Acquisition Corp. (“OAC”). Massachusetts Mutual Life Insurance Company (“Mass Mutual”), through its subsidiary MassMutual Holding LLC, is the indirect primary shareholder of OAC. MassMutual is a mutual life insurance company that, together with its subsidiaries, is a global, growth-oriented, diversified financial services organization providing life insurance and other financial products and services.

The Adviser serves as program manager to certain qualified tuition programs under Section 529 of the Internal Revenue Code that are offered nationally to U.S. residents (“Section 529 Plans”). In addition, the Adviser provides investment advisory services on a discretionary and non-discretionary basis to separately managed accounts, including “wrap-fee” accounts. All investment advisory functions performed by the Adviser are performed by persons who are also employees of its parent and its affiliate - OFI and OFI Institutional Asset Management, Inc.

SECTION 529 PLANS

The Adviser serves as the program manager for the following Section 529 Plans:

- Bright Start College Savings Programs (adviser sold and direct sold) (“Illinois Plans”), offered by the State Treasurer of the State of Illinois.
- Texas College Savings Plan (direct sold) and the LoneStar 529 Plan (adviser sold) (both plans referred to as the “Texas Plans”), each of which offered by the Texas Prepaid Higher Education Tuition Board.
- Texas Tuition Promise Fund, which is a Section 529 prepaid tuition plan, offered by the Texas Prepaid Higher Education Tuition Board.
- Scholar's Edge (adviser sold) and The Education Plan (direct sold), each of which offered by The Education Trust Board of New Mexico (the “New Mexico Plans”).
- The Private College 529 Plan, a non-municipal Section 529 prepaid tuition plan, offered by the Tuition Plan Consortium.

The Adviser serves as the Investment Manager and Servicing Agent for the State Farm College Savings Plan (adviser sold), offered by the State Treasurer of the State of Nebraska (the “Nebraska Plan”).

The Adviser also provides certain administrative services with respect to certain investment options within Section 529 plans offered by the following states: Illinois and Ohio.

OppenheimerFunds, Inc., the parent of the Adviser, provides certain investment management services with respect to certain investment options within the Section 529 Plans offered by the states listed above as well as Alaska and Kansas.

OppenheimerFunds Distributor, Inc. ("OFDI"), an affiliate of the Adviser and a wholly-owned subsidiary of OFI, is a FINRA registered broker dealer and the distributor of the Illinois Plans, Texas Plans, Nebraska Plan, New Mexico Plans and the Private College 529 Plan. These plans offer various investment portfolios that invest in various investment vehicles, including mutual funds, separate accounts and private funds that are advised or sub-advised by the Adviser or its advisory affiliates.

Fees and features of each Section 529 Plan offered may vary. Participants in these Section 529 Plans should consult the particular plan's offering documents for the specific fees and features applicable to their plan.

WRAP-FEE ACCOUNTS

The Adviser provides investment advisory services to certain separate accounts, commonly known as wrap-fee accounts, which are introduced by unaffiliated broker-dealers (the "introducing brokers") on a sub-advisory basis. Generally, these are accounts with a minimum size of \$100,000 and are administered and serviced primarily by the introducing brokers, which may also be registered as investment advisers. From time to time, the introducing brokers may, in their sole discretion, present the Adviser to a prospective client as a candidate for providing investment management services to clients pursuant to a wrap-fee program offered by the introducing brokers as program sponsor. When a client agrees to have the Adviser act as sub-adviser for the client's account, the Adviser will provide continuous investment management services for assets in the client's account.

The Adviser also provides investment advisory services on a sub-advisory basis to certain "model only" wrap-fee programs whereby the Adviser provides a model investment portfolio to the program sponsor. In such "model only" wrap-fee programs, the program sponsor (or a designated overlay manager), and not the Adviser, has investment discretion over a program participant's account and is responsible for execution of trades in accordance with the model investment portfolio provided by the Adviser.

Wrap-fee clients receive a brochure detailing all aspects of the wrap-fee program from the introducing broker prior to their selection of the Adviser as sub-adviser (or, in the case of the "model only" wrap-fee programs, the selection of the Adviser's "model" investment strategy). Fees and features of each program offered by the various introducing brokers vary. Wrap-fee clients should consult the introducing broker's brochure for the specific fees and features applicable to their program.

In some of these programs, the introducing broker and the Adviser share in a combined service fee charged by the introducing broker. The Adviser will be paid a portion of the fee by the introducing broker for advisory services while the introducing broker retains the remainder for execution, custody and additional services. In other programs, clients will have a fee arrangement with the broker and will pay a separate fee for advisory services to the Adviser. In addition, in certain wrap-fee programs, transaction fees (in addition to the overall wrap-fee paid by the client) may be charged to clients of such wrap-fee programs by the executing/introducing broker-dealer that may also serve as the sponsor of the wrap-fee

program, notwithstanding that a portion of the wrap-fee paid by the client may already contain a fee paid to the broker-dealer.

Generally, in wrap-fee programs where fees are payable by the client to the program sponsors quarterly in advance and the program sponsor pays the Adviser its portion of the fee, if the client terminates prior to the end of a quarter, a pro rata portion of the fee paid to the Adviser is refunded.

OTHER SEPARATELY MANAGED ACCOUNTS

Some separate accounts are introduced by unaffiliated broker-dealers but are managed by the Adviser pursuant to a direct investment advisory agreement between the client and the Adviser. These accounts generally have a minimum size of \$250,000.

In addition, the Adviser manages other separate accounts as sub-adviser to third party registered investment advisers. These accounts generally have a minimum size of \$100,000 and are administered and serviced primarily by the registered investment adviser and by a broker-dealer providing all custody and brokerage services.

Upon mutual agreement with clients, the Adviser will engage in "tax selling" as directed by clients or their representative on their behalf. Tax selling is the selling of securities to realize losses or gains in a portfolio in order to achieve certain tax benefits. For example, losses can be used to offset capital gains and thereby lower an investor's tax liability. The Adviser may invest the proceeds generated from tax selling in ETFs that, in the opinion of the Adviser, are appropriate investments for the portfolio. Investing in ETFs includes the payment of management fees to the investment adviser of the ETF. Proceeds not invested in ETFs for any reason may be invested in cash or cash equivalents/shares of money market funds. The Adviser reserves the right not to engage in tax selling for any reason and makes no representation that such tax selling will be effective in generating the desired tax benefits. Please keep in mind that there are risks associated with tax selling such as the application of wash sale rules and first in, first out tax calculation methods. The Adviser does not offer tax advice, for which a tax adviser should be consulted.

As part of the services provided by the Adviser for direct separate accounts, clients may also reasonably restrict their account assets from investment in certain industries (for example: tobacco, alcohol, military, etc.). The Adviser engages an industry recognized third party service provider to evaluate whether certain companies are involved in the particular industry-related businesses restricted by the client. As an alternative to, or to supplement any elected restriction, clients may provide the Adviser with a list of the names of companies from which client would like to prohibit investment of their separate account assets.

As of December 31, 2011, the Adviser managed approximately \$1,278,023,921 in client assets on a discretionary basis and approximately \$5,226,682,781 in client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Generally, the Adviser's fees with respect to the Section 529 Plans are set forth in the respective Section 529 Plan offering documents and may vary according to the investment objective, the investment strategy employed and other factors. The Adviser also receives Program Management Fees and Account Maintenance Fees for certain accounts. In addition, OFIPI receives compensation from certain third party managed mutual funds (or their investment advisers) that are utilized as underlying investments for the Section 529 Plans as reimbursement for administrative services. Participants in the Section 529 Plans should consult the Section 529 Plan offering documents for the specific fees and features applicable to their program.

The Adviser's fees with respect to its wrap-fee account clients are set forth in the respective wrap-fee program offering brochures and may vary according to the investment strategy, the investment strategy employed and other factors. In addition to the advisory fees that the Adviser receives in connection with such programs, a client may also be responsible to pay commissions to the broker-dealer to whom the client has instructed the Adviser direct all the client's brokerage transactions, as well as for custody and additional program services. Furthermore, in addition to the overall wrap-fee paid by the client, transaction fees may be charged to clients of certain third party wrap-fee programs by the executing/introducing broker-dealer that may also serve as the sponsor of the wrap-fee program notwithstanding that a portion of the wrap-fee paid by the client may already contain a fee paid to the broker-dealer. Wrap-fee clients should consult the introducing broker's wrap-fee program brochure for the specific fees and features applicable to their program.

Generally, for separately managed accounts, the Adviser charges a fee for its investment advisory services based on a percentage of the client's assets under management. The annual fee normally charged for equity accounts is up to 1.05% of the market value of the account. The advisory fee deducted from the client's account for the quarter is based on the market value of the account (including cash and cash equivalents) and is generally payable in advance. The fee will be prorated when an account opens or closes during a quarter. If the client terminates prior to the end of a quarter, a pro rata portion of the fee paid to the Adviser is refunded.

Generally, the Adviser's fees are negotiable. The Adviser may negotiate a higher or lower fee arrangement on a case-by-case basis in the event that the Adviser is asked to take on responsibilities that differ from those normally involved in the management of an account. Special client requirements, such as compliance with special investment restrictions or the use of a specially designed securities universe, may also result in different fee rates. In certain instances, a single client with more than one account with the Adviser and/or affiliates may have its assets aggregated for fee calculation purposes or be charged a lower rate with respect to the aggregate assets invested in all its accounts.

Clients may incur additional fees or expenses in connection with the Adviser's advisory services, such as custodian fees or fund expenses. In addition, clients will incur brokerage and other

transaction costs. Please refer to Item 12 below for a discussion of the Adviser's brokerage practices.

Lower fees for comparable services may be available from other sources.

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

The Adviser does not receive any performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

The Adviser provides investment advisory services to Section 529 Plans, as well as individual accounts (including IRAs and 401(k) plans), trusts, pension plans, corporations and foreign entities (including governmental entities, corporations and pension plans). Minimum investment amounts vary according to product type and may be negotiable.

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

Investment Strategies

The Adviser's investment strategies are generally guided by (i) the investment objectives, policies, strategies, and restrictions set forth in the applicable advisory agreement with its clients, (ii) any limits or restrictions set forth in any disclosure document or trust document applicable to a client for which the Adviser serves as investment adviser or otherwise provides advisory services and (iii) applicable legal and regulatory requirements.

The Adviser may work with a client to develop additional investment approaches from time to time to tailor to the individual needs of the client. In addition, clients may impose restrictions on investing in certain securities or types of securities.

The Adviser currently offers the following investment strategies:

OFI Private Investments Rising Dividends

The Growth investment team seeks to construct a portfolio using dividend-paying securities, capitalizing on the fact that a significant portion of the long-term appreciation of stocks has come from dividend income. The investment team believes this is increasingly important as companies in general move to higher payout ratios as dividend yields return to higher historical levels. The investment objective is to deliver an equity portfolio that offers a growing income stream over time and price appreciation through equity exposure. The strategy maintains the consistency of the risk profile by being fully invested at all times (less than 5% cash) and by having broad portfolio exposure to most of the major economic sectors of the market.

The investment approach uses traditional fundamental research to identify attractive stocks and a disciplined quantitative framework to understand the risk inherent in both the

individual stocks and the overall portfolio. The investment process focuses on bottom-up stock selection. The investment team narrows the universe of securities by identifying those companies that it believes have a steady, consistent dividend stream (indicating reasonable payout ratios) and the potential for increasing those dividend streams over time. This subset of securities is sorted into one of 10 major economic sectors. The investment team then focuses on relative expectations within each of the 10 sectors and not across sectors. Next, the investment team analyzes the past 10 years' worth of historical data. Emphasis is placed on free cash flow analysis. In addition, the investment team analyzes earnings-per-share growth, price-to-earnings multiples, price-to-book value multiples, profit margins and return on equity. The investment team then applies traditional fundamental, company-specific research and analysis, to derive a forecast of earnings, valuation change and dividend rate.

Stock positions may be trimmed or sold when there are negative developments that relate to a material deterioration in company fundamentals and/or whether the safety of dividend streams comes into question. Additionally, stocks are sold if the investment team believes that positive earnings news and future growth are reflected in the stock's price or superior investment alternatives present themselves.

OFI Private Investments Large Cap Value

The Value investment team has implemented a unique style of value investing, focusing on long-term earnings power, differentiating themselves from most other value managers in the industry. The investment team also has a broad group of analysts who apply years of experience in their assigned research areas to the overall stock selection process. Fostering an environment of teamwork, each member's prior experience and skills are leveraged so they are able to apply a diversity of knowledge to the overall investment process and deliver value to client portfolios.

The investment team realizes that there is more to value investing than just identifying 'cheap stocks' in the marketplace. This is why the investment team's philosophy is predicated on the belief that the key to identifying successful value investments is evaluating a company's long-term earnings power. By evaluating long-term earnings power, and ultimately identifying what will differentiate the long-term earnings potential of similar companies, the investment team believes it can better evaluate a stock's potential to increase in price over time and generate superior returns into the future.

Portfolios are constructed utilizing bottom-up, fundamental analysis, and a stock selection process focusing on attractively priced companies the investment team deems have the ability to generate earnings over the long term. When selecting stocks, the team tries to avoid macroeconomic forecasting, instead focusing their research on identifying the best potential companies in each sector. The investment team believes changes in the macroeconomic environment generally affect individual companies within a sector in the same manner and magnitude, but not in the marketplace overall. Therefore, sector analysts conduct fundamental, proprietary research in order to gain a full understanding of each company's business model, and ultimately, underlying earnings power over the long term.

OFI Private Investments Gulf Value¹

The Value investment team's approach to stock investing is based on value, derived from an analysis and appraisal of the underlying assets and the known future prospects of businesses. The investment team seeks to buy stocks that are priced at a significant discount to their business or intrinsic value. Investments are made with what the investment team refers to as 'a margin of safety,' which lessens the chance of a permanent loss of capital.

The investment team's investment horizon is long term (two to three years) and the returns have been tax efficient (most gains qualify for lower long-term rates). The investment team's selection process is bottom-up in nature. The universe of investment candidates is derived from the companies covered by the investment team's analysts, as well as new ideas generated by periodicals, conference attendance and industry contacts.

From this, the investment team develops a stock monitor list of about 250 companies. Critical factors used in the analytical process include book value, asset value, cash flow, reinvestment rate, return on capital and debt coverage ratios. The culmination of our research is an appraisal of the company's intrinsic value, and a determination of the earning power or future prospects of the business. Only stocks selling at a sufficient discount to intrinsic value are considered for purchase. A security is sold when it exceeds its intrinsic value, or if the investment team believes that deterioration in the underlying business has significantly lowered its intrinsic value.

OFI Private Investments All Cap Value

The Value investment team's investment style is based on a value-oriented strategy that should be considered an important component of a diversified portfolio. Investors are often focused on stocks that are doing well today, frequently leaving many good companies unnoticed. The investment team seeks to find those unnoticed companies.

The investment team seeks to invest in stocks of companies undervalued by the market with strong business prospects whose potential has not yet been realized and are improving. These can be stocks from companies that are currently unheralded or whose previous financial performance has obscured their future earnings growth potential. The key is identification and selection of undervalued stocks with the potential for appreciation. This involves fundamental company analysis and consideration of future prospects of the business.

The investment team assesses a company's prospects based on favorable supply/demand conditions of key products, development of new products or businesses, quality of management, competitive position in the marketplace, and Allocation of capital.

The investment team focuses on discovering undervalued stocks that have the potential for future earnings. Without earnings potential, these stocks can be considered expensive,

¹ The Gulf Value investment style was established by Gulf Investment Management, Inc., an investment adviser founded in 1980. In April 2002, the Adviser acquired the majority of Gulf Investment Management's assets.

relative to what they are worth. The investment team looks for companies poised to break out in the near future. For example, when a company announces earnings that are significantly greater than analysts' expectations, it often signals a fundamental change. The investment team seeks to find these positive earnings surprises to identify companies where growth may be accelerating.

The investment team seeks to derive investment results from a bottom-up stock selection, focusing on what really matters—the strength of the individual stocks. The investment team visits companies to thoroughly research what is really going on with a company and its stock. This exhaustive research helps the investment team to select stocks it believes will outperform—not just the markets, but also other value stocks. The investment team concentrates on stocks, not sectors, and it believes this approach has the potential for consistent year-after-year results. The chosen securities are from small-, medium- and large-capitalization U.S. companies. The portfolio is designed for investors seeking capital appreciation over the long term.

OFI, the Adviser's parent, serves as investment sub-adviser with respect to the investment strategies listed above.

For details regarding the Adviser's investment advisory services for the Section 529 Plans, please refer to the program documents of the applicable plan for a detailed description of the Adviser's investment options and investment strategies for such plan and the material risks associated with investing in the plan.

Methods of Analysis

The Adviser utilizes various methods of analysis in managing client assets. The Adviser's methods of security analysis may include economic analysis, fundamental analysis, technical analysis and quantitative analysis. In its economic analysis, the Adviser maintains some of its own charts on the economy and certain cyclical factors. In addition, it uses outside consultants as well as "brokerage and research services," as such term is defined in Section 28(e) of the Securities Exchange Act of 1934 ("Securities Act"). In its fundamental analysis, the Adviser relies on analysis by its portfolio managers and their assistants on both an industry and individual company basis. The Adviser also relies extensively on brokerage and research services for fundamental analysis. In its technical analysis, the Adviser subscribes to many technical and charting services and frequently uses information from these services. The Adviser may use quantitative analysis for certain of its products to predict the value of securities based on the combination and measurement of various fundamental elements of those securities, such as: dividends, earnings and book values.

The Adviser and its affiliates subscribe to nearly every major financial newspaper and magazine. It also receives annual and other company reports, and has access to public filings with the SEC, corporate press releases and corporate rating services. In addition to the Adviser's own inspection of corporate activities, it relies extensively on brokerage and research services.

Material Risks

There is no assurance that the Adviser will achieve its investment objectives. Investing in securities involves risk of loss that clients should be prepared to bear.

The value of investments in a client's account managed by the Adviser may change because of broad changes in the markets in which the Adviser invests or from poor security selection, which could cause the account to underperform other accounts with similar investment objectives. Securities markets may experience substantial short-term volatility and may fall sharply at times. Different markets may behave differently from each other and U.S. markets may move in the opposite direction from one or more foreign markets.

Investing in Stocks. The prices of individual stocks generally do not all move in the same direction at the same time and a variety of factors can affect the price of a particular company's stock. These factors may include, but are not limited to: poor earnings reports, a loss of customers, litigation against the company, general unfavorable performance of the company's sector or industry, or changes in government regulations affecting the company or its industry.

Industry/Sector Focus. At times, the Adviser may emphasize investments in a particular industry or economic or market sector. To the extent that the Adviser increases its emphasis on investments in a particular industry or sector, the value of investments in a client's account may fluctuate more in response to events affecting that industry or sector, such as changes in economic conditions, government regulations, availability of basic resources or supplies, or other events that affect that industry more than others.

Foreign Investing. Foreign issuers are usually not subject to the same accounting and disclosure requirements that U.S. companies are subject to, which may make it difficult for the Adviser to evaluate a foreign company's operations or financial condition. A change in the value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency and in the value of any income or distributions a client's account may receive on those securities. The value of foreign investments may be affected by exchange control regulations, foreign taxes, higher transaction and other costs, delays in the settlement of transactions, changes in economic or monetary policy in the United States or abroad, expropriation or nationalization of a company's assets, or other political and economic factors. These risks may be greater for investments in developing or emerging market countries.

Value Investing. The Adviser may employ a value investing style in certain of its investment strategies. Value investing entails the risk that if the market does not recognize that the client account's securities are undervalued, the prices of those securities might not appreciate as anticipated. A value approach could also result in fewer investments that increase rapidly during times of market gains and could cause the client's account to underperform other accounts that use a growth or non-value approach to investing. Value investing has gone in and out of favor during past market cycles and when value investing is out of favor or when markets are unstable, the securities of "value" companies may underperform the securities of "growth" companies.

Growth Investing. The Adviser may also employ a growth investing style in certain of its investment strategies. If a growth company's earnings or stock price fails to increase as anticipated, or if its business plans do not produce the expected results, its securities may decline sharply. Growth companies may be newer or smaller companies that may experience greater stock price fluctuations and risks of loss than larger, more established companies. Newer growth companies tend to retain a large part of their earnings for research, development or investments in capital assets. Therefore, they may not pay any dividends for some time. Growth investing has gone in and out of favor during past market cycles and is likely to continue to do so. During periods when growth investing is out of favor or when markets are unstable, it may be more difficult to sell growth company securities at an acceptable price. Growth stocks may also be more volatile than other securities because of investor speculation.

Small-Cap and Mid-Cap Companies. Small-cap and mid-cap companies can include both established and newer companies. While newer growth small- and mid-cap companies might offer greater opportunities for capital appreciation than larger, more established companies, they involve substantially greater risks of loss and price fluctuations than larger issuers. Stocks of small- and mid-cap companies may have limited product lines or markets for their products, limited access to financial resources and less depth in management skill than larger, more established companies. Their stocks may be less liquid than those of larger issuers. That means the Adviser could have greater difficulty selling their securities at an acceptable price, especially in periods of market volatility. That factor increases the potential for losses. Also, it may take a substantial period of time before an investor realizes a gain on an investment in the stocks of a small- or mid-cap company, if it realizes any gain at all. Securities of small capitalization issuers may be subject to greater price volatility in general than securities of large-cap and mid-cap companies.

Derivatives. In addition, the Adviser may employ derivatives in certain of its investment strategies. Derivatives may involve significant risks. Some derivatives have the potential for unlimited loss, regardless of the size of the initial investment. Derivatives may be illiquid and may be more volatile than other types of investments. Derivative investments can increase portfolio turnover and transaction costs. Derivatives are subject to counter-party credit risk and may lose money if the issuer fails to pay the amounts due.

Leverage. The Adviser may employ leverage in certain investment strategies. In addition, certain derivatives and other investments involve a degree of leverage. Generally, leverage may occur when, in return for the potential to realize higher gain, an investment exposes the investor to a risk of loss that exceeds the amount invested. The Adviser's use of an economically leveraged derivative may provide the potential for investment gain or loss that may be several times greater than the change in value of the underlying security, asset, interest rate, index or currency upon which such derivative is based, which may result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. If the Adviser

uses derivatives for leverage, the value of an investor's portfolio will tend to be more volatile, resulting in larger gains or losses in response to the fluctuating prices of its investments.

Debt. Generally, debt securities may be subject to credit risk, interest rate risk, prepayment risk and extension risk. Credit risk is the risk that the issuer of a security might not make interest and principal payments on the security as they become due. If an issuer fails to pay interest or repay principal, the value of the securities might be reduced. Adverse news about an issuer or a downgrade in an issuer's credit rating, for any reason, can also reduce the market value of the issuer's securities. Interest rate risk is the risk that when prevailing interest rates fall, the values of already-issued debt securities generally rise; and when prevailing interest rates rise, the values of already-issued debt securities generally fall, and they may be worth less than the amount paid for them. When interest rates change, the values of longer-term debt securities usually change more than the values of shorter-term debt securities.

When interest rates fall, debt securities may be repaid more quickly than expected and an investor may be required to reinvest the proceeds at a lower interest rate. This is referred to as "prepayment risk." When interest rates rise, debt securities may be repaid more slowly than expected and the value of the investor's holdings may fall sharply. This is referred to as "extension risk." Interest rate changes normally have different effects on variable or floating rate securities than they do on securities with fixed interest rates.

Portfolio Turnover. The Adviser's investment strategies may involve active and frequent trading of securities. A client's account may have a portfolio turnover rate of over 100% annually. Increased portfolio turnover may result in higher brokerage fees or other transaction costs and taxes, which can affect investment performance.

Item 9 – Disciplinary Information

In 2009, the State of Oregon filed a lawsuit against OFI, the Adviser and OFDI in connection with the Adviser's management of the state's Section 529 Plan, alleging violations of Oregon securities laws, breach of contract, breach of fiduciary duty, negligence and negligent misrepresentation. Subsequently, the State of Oregon filed a notice of dismissal with prejudice of the lawsuit as part of a voluntary settlement of all claims by the parties, and a general judgment of dismissal of the lawsuit was entered by the Circuit Court for the State of Oregon, Marion County on March 12, 2010.

OFI, the Adviser and OFDI also reached settlement agreements with Illinois, Texas, Nebraska, Maine and New Mexico to resolve investigations into the management of those states' Section 529 Plans in light of the effects of the 2008 financial crisis on those Section 529 Plans.

In 2009, two lawsuits were filed in the Circuit Court for Santa Fe County, New Mexico that challenged the settlement discussed above regarding the New Mexico Section 529 Plan. Those suits were purportedly brought derivatively on behalf of the New Mexico Education Plan Trust (the "Trust"). The lawsuits named various parties as defendants, including OFI and the Adviser, and alleged breach of contract, breach of fiduciary duty and violations of state securities laws. The suits sought compensatory damages, equitable relief and awards of attorneys' fees and

litigation expenses. Plaintiffs also sought to enjoin the implementation of the settlement agreement between the Education Trust Board of New Mexico (the “ETB”) and OFI and the Adviser. On December 1, 2009, the court denied certain of the plaintiffs’ claims and ruled that the ETB and OFI and the Adviser could enter into the settlement agreement. On September 9, 2011, the court denied plaintiffs’ request for a hearing to determine the fairness of the settlement, finding that plaintiffs lacked standing to pursue derivative claims on behalf of the Trust. On October 27, 2011, the parties to these actions filed a joint motion to dismiss the lawsuits with prejudice, which the court granted on October 28, 2011.

Item 10 – Other Financial Industry Activities and Affiliations

The Adviser and/or its management persons have relationships or arrangements with the related persons listed below that are material to the Adviser’s advisory business or to its clients. Item 11 and Item 12 of this Brochure discuss the potential conflicts of interest that may arise as a result of such arrangements or relationships. Clients should carefully consider such potential conflicts of interest in determining whether to engage the Adviser.

The Adviser shares office space, personnel and other resources of its direct parent company, OppenheimerFunds, Inc. (“OFI”), at Two World Financial Center, 225 Liberty Street, 11th Floor, New York, New York 10281-1008. OFI is registered as an investment adviser with the SEC (Reg. No. 801-8253). Professionals that provide portfolio management, analysis, trading and other services for the Adviser may be employed by, or serve as officers of, OFI and its other affiliates.

The Adviser and OFI are ultimately controlled by Massachusetts Mutual Life Insurance Company (“MassMutual”), a mutual life insurance company that, together with its subsidiaries, is a global, growth-oriented, diversified financial services organization providing life insurance and other financial products and services, including providing advisory services to pension plans and investment companies.

MM Asset Management Holding LLC, a wholly-owned subsidiary of MassMutual, has acquired substantially all of the voting stock of Oppenheimer Acquisition Corp. (“OAC”) and through it acquired voting control of OFI and its wholly-owned subsidiaries (including the Adviser). The common stock of OAC is owned by (i) certain officers and/or directors of OFI and (ii) MassMutual. No institution or person holds 5% or more of OAC’s outstanding stock except MassMutual.

OFI Institutional Asset Management, Inc. (“OFII”), a registered investment adviser with the SEC (Reg.No. 801-60027), is an affiliate of the Adviser that provides investment supervisory services on a discretionary basis to various types of clients, including trusts, pension plans, insurance company separate accounts, foundations, corporations, ERISA qualified retirement plans, foreign entities (including governmental entities, corporations, investment companies and pension plans), investment companies registered with the SEC as open-end management investment companies under the Investment Company Act (“Mutual Funds”), investment companies excepted from the definition of investment company by Section 3(c)(7) of the Investment Company Act (“Private Funds”), and bank sponsored commingled pools excepted

from the definition of investment company by Section 3(c)(11) of the Investment Company Act ("Trust Company Funds") that are maintained by OFI Trust Company, a New York organized trust company and an affiliate of the Adviser.

OppenheimerFunds Distributor, Inc., an affiliate of the Adviser and a wholly-owned subsidiary of OFI, acts as the general distributor of shares of the registered investment companies advised by OFI and its affiliates (the "Oppenheimer Mutual Funds") (as well as certain other registered investment companies for which OFI serves as sub-adviser). OppenheimerFunds Services, a division of OFI, is the registered transfer agent for the Oppenheimer Mutual Funds.

Shareholder Services, Inc. and Shareholder Financial Services, Inc. are registered transfer agents and are wholly-owned subsidiaries of OFI.

Oppenheimer Real Asset Management, Inc. ("ORAMI"), an affiliate of the Adviser, is registered as an investment adviser with the SEC (Reg. No. 801-34455), and is a "commodity trading adviser" registered with the Commodities Futures Trading Commission and the National Futures Association (NFA Reg. No. 0274661). ORAMI acts as the investment sub-adviser to certain Private Funds, Trust Company Funds, Oppenheimer Mutual Funds and non-U.S. investment companies in futures- and commodities- related strategies managed by the Adviser or OFI.

HarbourView Asset Management Corporation, is registered as an investment adviser with the SEC (Reg. No. 801-27136) and is a wholly-owned subsidiary of OFI that provides investment supervisory services on a discretionary basis to corporations that are primarily structured finance vehicles.

OFI Global Asset Management ("OFI Global"), an independent investment management team that operates and holds itself out to the public as a separate division of OFI. Formed in 2011, OFI Global provides investment advisory services to certain Oppenheimer Mutual Funds and sub-advisory services to certain registered investment companies sponsored by unaffiliated third-parties.

Certain mutual funds managed by third party advisers are utilized as underlying investments for the Section 529 Plans managed by the Adviser. The Adviser may receive compensation from these funds or their investment advisers as reimbursement for administrative services. Participants in the Section 529 Plans should consult the Section 529 Plan offering documents for additional details regarding this arrangement.

Item 11 – Code of Ethics

The Adviser and its Affiliates have adopted a Code of Ethics (the "Code") in compliance with Rule 17j-1 under the Investment Company Act and Rule 204A-1 under the Advisers Act. The Code establishes standards of conduct expected of all employees of the Adviser including compliance with federal securities laws (as that term is defined in Rule 204A-1), addresses conflicts that arise from employees' personal trading and establishes procedures for the detection and prevention of activities by which employees having knowledge of the holdings,

recommended investments and investment intentions of advisory clients may abuse their fiduciary duties, and otherwise addresses the types of conflict of interest situations addressed by Rule 17j-1 and Rule 204A-1. A copy of the Code will be provided to any client or prospective client upon request.

The Code is designed to establish procedures to detect and, where possible, prevent all employees from using knowledge about pending or currently considered securities transactions for clients to profit personally (directly or indirectly) as a result of such transactions, including by purchasing or selling such securities. Under the Code, all employees are prohibited from purchasing or selling any security in which the employee has or will acquire a beneficial interest if the employee knows that, at the same time, the security is being considered for purchase or sale by a client or is the subject of an outstanding purchase or sale order by an advisory client. Such prohibition continues until such information is made publicly available. All employees also are subject to the Adviser's Policy to Detect and Prevent Insider Trading. In general, all employees are prohibited from trading (either personally or on behalf of others) while in possession of material, non-public information. Employees are also prohibited from communicating material, non-public information to others in violation of federal or state law. Additionally, the Code subjects employees to the Adviser's separate Gift Policy that sets forth specific guidelines and information regarding the receipt and provision of gifts or entertainment. In general, employees must limit any gifts or entertainment received from or given to any person or entity that does business with or on behalf of the Adviser or an advisory client.

The Code includes certain personal trading restrictions and reporting requirements that apply to "Access Persons." Access Persons generally include officers and directors of the Adviser (including any of its subsidiaries or directly controlled affiliates), as well as any person (i) who makes, participates in, or obtains information regarding the purchase or sale of securities by an advisory client in connection with his or her regular functions or duties, (ii) whose functions relate to the making of any recommendations with respect to such purchases or sales, (iii) who has access to timely information relating to investment management activities, research and/or client portfolio holdings, and (iv) who in the course of their employment regularly receive access to trading activity of advisory clients. Access Persons also include "investment persons" which generally encompasses: (i) each portfolio manager, (ii) each securities analyst or trader that provides information and advice to portfolio managers or who helps execute a portfolio manager's investment decisions, or (iii) any other person who, in connection with his or her duties, makes or participates in recommendations regarding a client's purchase or sale of securities.

A summary of the restrictions and reporting requirements for the personal investing activities of Access Persons is set forth below.

Generally, Access Persons are prohibited from purchasing a security in an initial public offering or in a private placement unless express prior approval from the person(s) appointed by the Adviser for administering the Code ("Code Administrator") is received (and certain other conditions are satisfied). Investment persons must obtain prior approval of personal securities

transactions that are not exempt from the prior approval requirements of the Code. The Code also imposes a “blackout” period on investment persons that prohibits an investment person from purchasing or selling certain securities during a time period before or after the purchase or sale of the same security by an advisory client for whom he or she is an investment person. Investment persons also are prohibited from purchasing and selling or selling and purchasing the same security within a 60 day period.

The prior approval requirements of the Code for an investment person apply to personal securities transactions (not exempt from the prior approval requirements of the Code) conducted in an investment person's personal securities account or a securities account for which the investment person has investment discretion. In addition, the Code requirements that are applicable to an investment person generally apply to the family members residing with such investment person.

The Code also prohibits employees of OFI (and of its subsidiaries or directly controlled affiliates, including the Adviser) from engaging in outside business activities unless each such outside business activity is pre-approved by the employee's department manager or supervisor and the Adviser's General Counsel, the Code Administrator or their designees.

The Code also includes certain procedures relating to reporting and record keeping of personal securities transactions by Access Persons, including disclosure of personal holdings (e.g., initial and annual statements of holdings), quarterly reporting of transactions and annual certification of compliance with the Code. All employees also must submit initial and periodic acknowledgements of receipt, compliance and understanding of the Code.

Potential Conflicts of Interest.

The Adviser, its affiliates, and their officers, directors and employees, including those who may be involved in the management, sales, investment activities and business operations of the Adviser (collectively, “Affiliates”), may be engaged in businesses and have interests that include the provision of investment advisory services to the assets of registered and unregistered funds (both publicly and privately offered) in the United States and foreign jurisdictions, bank trust company commingled pools, and separately managed accounts. These activities and interests include potential multiple advisory, transactional, financial and other interests in securities, instruments and companies that may be directly or indirectly purchased, invested in, or sold by the Adviser for client accounts managed by the Adviser and its Affiliates (“Client Accounts”). These activities and interests also include potential multiple advisory, transactional, financial and other interests with consultants and other third parties who may facilitate the procurement or advise in the opening of Client Accounts. These are considerations of which clients should be aware. Present and future activities of the Adviser or its Affiliates, in addition to those described in this section, may give rise to additional potential conflicts of interest.

The Adviser makes decisions for Client Accounts and any account of the Adviser or its Affiliates (“Affiliate Account”) in accordance with its obligations as investment manager to the Client Accounts and Affiliate Accounts. The Adviser may have potential conflicts in connection with the allocation of investments or transaction decisions for Client Accounts, including situations in

which the Adviser, its Affiliates or personnel of Affiliates (“Personnel”) may have interests in the investment being allocated and situations in which an Affiliate Account may receive certain of the investments being allocated. The Adviser seeks to manage Client Accounts and Affiliate Accounts according to each account’s investment objectives and applicable guidelines and applicable legal and regulatory requirements.

The Adviser and its Affiliates may receive greater fees or other compensation (including performance-based fees) from certain Client Accounts and Affiliate Accounts, which may create an incentive for the Adviser or its Affiliates to favor such accounts. In addition, the advice provided by Adviser to a Client Account or Affiliate Account may compete or conflict with the advice provided to another Client Account, or may involve a different timing or course of action taken than with respect to a Client Account. For example, a Client Account may be competing for investment opportunities with Affiliates and Affiliate Accounts and with other Client Accounts for certain limited investment opportunities. The Adviser or its Affiliates may acquire confidential or material, non-public information pertaining to an issuer or the issuer’s securities which may prevent or prohibit the Adviser from providing investment advice to Client Accounts and Affiliated Accounts with respect to such issuer or the issuer’s securities irrespective of an account’s investment objective or guidelines. Moreover, the Adviser and its Affiliates may have ownership interests in issuers or broker-dealers which may prevent the Adviser or its Affiliates from purchasing securities or other instruments from such issuers or broker-dealers.

The Adviser, Affiliates or Affiliate Accounts may buy or sell positions while a Client Account is undertaking the same or a differing strategy, which could disadvantage the Client Account. For example, a Client Account may buy a security and the Adviser, its Affiliates, Affiliate Accounts or other Client Accounts may establish a short position in that same security and subsequent short sales may result in impairment of the price of the security which is owned or held by the Client Account. Conversely, a Client Account may establish a short position in a security and the Adviser, Affiliates, Affiliated Accounts or other Client Accounts may buy that same security and the subsequent purchase(s) may result in an increase in the price of the underlying position in the short sale exposure of the Client Account. In addition, transactions in investments by one or more Client Accounts, Affiliate Accounts, the Adviser or Affiliates may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of a Client Account. This may occur when portfolio decisions regarding a Client Account are based on research and other information that is also used to support portfolio decisions for Affiliate Accounts, other Client Accounts, the Adviser or Affiliates which could impact the timing and manner in which the portfolio decisions for the Client Account and other Client Accounts are implemented. When the Adviser, Affiliates or an Affiliate Account implements an investment decision or strategy ahead of, or contemporaneously with, similar investment decisions or strategies for a Client Account, market impact, liquidity constraints, or other factors could result in the Client Account receiving less favorable trading results and the costs of implementing such investment decisions or strategies could be increased or the Client Account could otherwise be disadvantaged. The Adviser or Affiliates may, in certain cases, elect to implement internal policies and procedures designed to limit such consequences to the Client Accounts and Affiliate Accounts, which may cause a Client Account to be unable to engage in certain

activities, including purchasing or disposing of securities, when it might otherwise be desirable for it to do so.

Conflicts may also arise because investment decisions regarding a Client Account may benefit Adviser, Affiliates or other Client Accounts. For example, the sale of a long position or establishment of a short position by a Client Account may impair the price of the same security sold short by (and therefore benefit) the Adviser, its Affiliates or other Client Account, and the purchase of a security or covering of a short position in a security by a Client Account may increase the price of the same security held by (and therefore benefit) the Adviser, its Affiliates, Affiliate Accounts or other Client Account.

The Adviser, its Affiliates, Affiliate Accounts and other Client Accounts may also pursue or enforce rights with respect to an issuer or security in which a Client Account has invested, and those activities may have an adverse effect on the Client Account. As a result, prices, availability, liquidity and terms of Client Account investments may be negatively impacted by the Adviser's, its Affiliates', Affiliate Accounts' or other Client Accounts' activities, and transactions for the Client Account may be impaired or effected at prices or on terms that may be less favorable than would otherwise have been the case.

The Adviser's management of Client Accounts may benefit the Adviser, its Affiliates or Affiliate Accounts. For example, the purchase, holding and sale of securities or other investments by a Client Account may enhance the profitability of the Adviser's, its Affiliates', Affiliate Accounts' or other Client Accounts' investments in and investment activities with respect to such securities, other investments or issuer. A Client Account may also be adversely affected by cash flows and market movements arising from purchase and sale transactions, as well as increases of capital in and withdrawals of capital from Affiliate Accounts and other Client Accounts.

Moreover, from time to time, the Adviser, Affiliate or an Affiliate Account may engage in principal securities transactions in which it purchases or sells securities from an account of Adviser or an Affiliate Account from or to an account of a client. The execution of each principal securities transaction is subject to the approval of each applicable client and regulatory requirements.

Due to the factors noted above, the investment and performance results of a Client Account may differ significantly from the results achieved by Affiliate Accounts and other Client Accounts that follow the same or a similar investment objective and/or strategy.

The Adviser and Affiliates may also have business relationships with, and purchase, distribute or sell services or products from or to, distributors, consultants, and other third parties that facilitate the procurement or recommend the use of the Adviser or its Affiliates to provide advisory or other services to Client Accounts, or who engage in transactions with or for Client Accounts. As a result, those persons and institutions may have conflicts associated with their promotion of or other dealings with the Adviser, its Affiliates, Client Accounts or Other Client Accounts that would create incentives for them to promote the Adviser, its Affiliates, Affiliate Accounts, Client Accounts and other Client Accounts over others or raise other conflicts.

Item 12 – Brokerage Practices

Investment, Brokerage and Trading Allocation Policy.

The Adviser and its investment advisory Affiliates have adopted an investment, brokerage and trading allocation policy (the “Policy”) that sets out standards that their portfolio managers, traders and other personnel involved in the purchase and sale of securities on behalf of clients must follow when:

- seeking best execution for client transactions;
- using client commissions in return for brokerage and research services that are provided by broker-dealers (i.e., entering into “soft dollar” arrangements);
- determining which Client Accounts will participate in an investment opportunity; and
- aggregating client orders and allocating securities among clients that participate in aggregated orders.

A committee composed of personnel with responsibilities in the operation of a particular investment or trading area oversees the implementation and monitoring of these guidelines for that area.

Best Execution.

In evaluating the best execution of client transactions, the Adviser will consider the full range and quality of a broker’s services, taking into account all relevant factors. Although it is not possible to create a definitive list of factors to guide this determination, the Adviser may consider some or all of the following:

- price of security;
- commission rate or spreads;
- execution capability, including execution speed and reliability;
- trading expertise and knowledge of the other side of the trade;
- financial responsibility;
- responsiveness;
- reputation and integrity;
- capital commitment;
- value of research or brokerage services or products provided;
- access to underwritten and secondary market offerings;
- confidentiality;
- reliability in keeping records;
- fairness in resolving disputes;
- market depth and available liquidity;
- recent order flow;
- timing and size of an order; and
- current market conditions.

In selecting broker-dealers to execute client transactions, the Adviser will bear in mind that no factor is necessarily determinative and that seeking to obtain best execution for all client trades

must take precedence over all other considerations. Generally, the Adviser's portfolio traders allocate brokerage based upon recommendations from the Adviser's portfolio managers.

The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer. However, in certain circumstances, a client may designate a particular broker or dealer through which trades are to be effected or through which transactions may be introduced, typically under such terms as the client negotiates with the particular broker or dealer (e.g., for wrap-fee account programs). *Please refer to the "Trading for Wrap-Fee Accounts" section below for further information.* Where a client has directed the use of a particular broker or dealer, the Adviser generally will not be in a position to negotiate commission rates or spreads freely or, depending on the circumstances, to select brokers or dealers based on the most favorable price execution for a transaction.

Additionally, transactions for a client that has directed that the Adviser use a particular broker or dealer may lose certain advantages. For example, clients who do not direct the Adviser to use a particular broker or dealer may benefit from commingling or "bunching" multiple orders into a single order for the purchase or sale of a particular security. In addition, "non-bunch" orders for directed brokerage clients may be executed after or following any "bunched" orders for non-directed client accounts. Moreover, there may be times when the trading activity in a security for a client that has directed the Adviser to use a particular broker or dealer occurs at a time after the Adviser has completed the execution of all other transactions in that security for all other accounts managed or traded by the Adviser and its affiliates. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for comparable bunched orders. Under these circumstances, the direction by a client to use a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if the Adviser were empowered to negotiate commission rates or spreads freely, or to freely select brokers or dealers.

Use of Client Commissions (i.e., "Soft Dollar Arrangements").

The Adviser uses client commissions (i.e., "soft dollars") to procure research and brokerage products and services from a number of broker-dealers. These research and brokerage products or services are used by the Adviser's investment teams, and are generally in the form of market, economic, or securities analysis, or products and services that assist in the execution of trades (e.g., execution and post-trade matching systems), and are used in conjunction with the day to day investment management process conducted by these teams.

Such "soft-dollar" arrangements generally may arise in various forms. In a third-party arrangement, the broker-dealer provides the Adviser with products, services or research produced by a third party. A broker-dealer may provide the Adviser with products, services or research that the broker-dealer itself, or an affiliate has produced (i.e., proprietary research). By participating in "soft dollar" arrangements, clients should be aware that (i) the Adviser (and/or its Affiliates) generally receives a benefit because it does not have to otherwise produce or pay for such research, products or services; (ii) as a result, the Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the

research, products or services, rather than on the client's interest in receiving most favorable execution; and (iii) the research service provided by a particular broker may be useful to any or all of the advisory accounts of the Adviser and its Affiliates and such research services may not necessarily be used by the Adviser in connection with the accounts that paid commissions to the broker providing such services.

In addition to the Policy, the Adviser has adopted specific procedures to guide its use of client commissions when obtaining research or brokerage services for its clients. The Adviser may avail itself of the safe harbor set forth in Section 28(e) of the Exchange Act and may effect a securities transaction at a commission in excess of the commission that another broker-dealer would have charged if the following conditions are met:

- the Adviser must be supplied with "brokerage and research services" (as defined in Section 28(e) and interpreted by the SEC and its staff), not other products or services;
- the eligible products or services must provide lawful and appropriate assistance to the Adviser in the performance of its responsibilities (e.g., research must be used to assist the Adviser in its investment decision-making);
- the services must be "provided" by the broker-dealer;
- the Adviser must have "investment discretion" in placing the brokerage;
- the Adviser must make a good faith determination that the commissions paid are "reasonable" in relation to the services provided; and
- brokerage placed must be for "securities transactions."

The Adviser is not required to measure the reasonableness of commissions in terms of a particular transaction and it is not required to show that specific research products or services it receives benefit specific accounts. The Adviser measures the reasonableness of commissions in terms of its overall responsibilities over the accounts for which it exercises investment discretion.

Fixed income accounts and wrap-fee accounts of the Adviser and its Affiliates do not generally generate client commissions that may be used by the Adviser to acquire eligible brokerage and research services.

In order to rely on the 28(e) safe harbor, a product or service must qualify as "brokerage" or "research". "Research" is restricted to "advice," "analyses," and "reports" that reflect the expression of reasoning or knowledge. Products or services generally do not qualify as "research" if they do not reflect the expression of reasoning or knowledge. Non-research products and services include those with inherently tangible or physical attributes (such as telephone lines or office furniture), and usually fall within two broad categories: items the Adviser uses in marketing its investment management services or items the Adviser uses in its day-to-day administrative activities. "Brokerage services" are those products and services that relate to the execution of the trade from the point at which the Adviser communicates with the broker-dealer for the purpose of transmitting an order for execution, through the point at which funds or securities are delivered or credited to the advised accounts.

The following is a general list of eligible research/brokerage products and services that the Adviser and/or its affiliates may receive:

- Traditional company/stock research reports
- Discussions with research analysts as to the advisability of investing in securities
- Meetings with corporate executives to obtain oral reports on a company's performance
- Seminars or conferences on eligible topics
- Software that provides analyses of securities portfolios
- Software and other products that depend on market information to generate market research, including research on optimal execution and trading strategies
- Market or economic data services (e.g., stock price quotation services)
- Investment portfolio performance publications (e.g., Lipper reports) when not used for marketing purposes
- Corporate governance research, analytics, and ratings services
- Consultant services which result in the delivery of advice, analyses, portfolio strategy or reports
- Financial newsletters and economic publications that are not targeted to a wide, public audience
- Trade magazines and technical journals concerning specific industries or product lines that are marketed to, and intended to serve the interests of a narrow audience
- Pre-trade and post-trade analytics
- Reports and analyses on issuers, securities and the advisability of investing in securities that are transmitted through a proxy service
- Order or execution management systems if they otherwise qualify as "research" or "brokerage"
- Post-trade matching
- Exchange of messages among broker-dealers, custodians and institutions related to the trade
- Electronic communications of allocation instructions between institutions and broker-dealers
- Routing settlement instructions to custodian banks and broker-dealer clearing agents
- Communications services related to the execution, clearing and settlement of securities transactions
- Comparison services required by SEC or SRO Rules (e.g., use of electronic confirmation and affirmation of institutional trades)
- Connectivity service between OFI, broker-dealer and other relevant parties such as custodians (including dedicated lines between the broker-dealer and OFI's order management systems operated by a third party vendor, direct dial-up service between OFI and the broker-dealer's trading desk and message services used to transmit order to broker-dealers for execution)
- Trading software used to route orders to market centers
- Software used to transmit orders to direct market access systems
- Trade analytics

- Algorithmic trading software

The Adviser cannot be required to make cash payments to a broker-dealer or third party provider from its own resources (i.e., “hard dollars”) for services that must be “provided” by the broker-dealer, even if it did not satisfy the broker-dealer’s expectation as to the amount of business it would receive from the Adviser’s clients. If the Adviser does not meet a broker-dealer’s expectations for commissions earned by such broker-dealer, it may elect (but not commit) to pay any part of the shortfall in hard dollars.

For products or services obtained using client commissions that serve functions that are related (research and brokerage) and not related (non-research or non-brokerage) to the investment decision-making or order execution process (generally referred to as “mixed-use” products and services), the Adviser makes a good faith, reasonable allocation of the cost of the product according to use. The percentage of the product or service (or specific component) that provides assistance to the Adviser in the investment decision-making process may be paid for with eligible client commissions. The percentage of the product or service (or specific component) that provides administrative or other assistance not related to the investment decision-making process must be paid for by the Adviser with its own funds.

Securities Trade Allocation and Aggregation.

The overriding principle governing the Adviser’s allocation of investment opportunities among clients and the order aggregation process with respect to securities is the fair and equitable treatment of all clients that participate in an aggregated order for securities, or that receive an allocation of securities or transaction proceeds.

When allocating investments, the Adviser first determines the clients for which a particular investment opportunity is appropriate, based on, among other things, a client’s investment strategy and objectives, the clients’ overall portfolio composition and the characteristics of the specific security. If an investment is appropriate for more than one client, the Adviser allocates the investment opportunity across those client accounts based on a defined allocation methodology developed by the applicable trading area.

Generally, the Adviser makes initial allocation decisions at the strategy-level, followed by an assessment of how to allocate investments between funds/accounts within the same strategy. Amongst funds and accounts within a particular strategy, the Adviser may allocate investments pro rata based on net assets. However, allocations may be modified to accommodate the different needs and objectives of each fund and account, taking into consideration factors such as current exposure to securities, issuers or markets (including any concentration and diversification requirements), cash flows and relative risk profiles.

Once the Adviser determines that an investment opportunity is suitable for multiple accounts, the Adviser may aggregate or “bunch” trade orders for the same securities if it believes that aggregation is consistent with its duty of best execution and the terms of the applicable client’s investment advisory agreement. Certain portfolio managers of the Adviser make investment decisions for both Client Accounts and, in their capacity as a portfolio manager for an advisory Affiliate, Affiliate Accounts in accordance with the Adviser’s obligations as investment manager

to the Client Accounts and Affiliate Accounts. In those instances in which the same security is traded at or about the same time for a Client Account and an Affiliate Account, the Adviser and its Affiliates will place trades first for transactions on behalf of the Oppenheimer Mutual Funds and non-directed institutional Client Accounts (including Affiliated Accounts) and then second for directed institutional Client Accounts and finally any wrap-fee program separate accounts sequenced by the wrap-fee program sponsor. *Please refer to the “Trading for Wrap-Fee Accounts” section below for further information regarding the order of trading for Wrap-Fee Programs.* If a trade for an account cannot be aggregated with a much larger aggregated order for reasons of client direction, it is appropriate for the non-aggregated order to follow the aggregated orders.

Each client that participates in an aggregated order for a security generally will participate at the average price to the extent practicable for transactions in the security or instrument on a given business day, with transaction costs shared pro rata based on each client’s participation in the transactions. For certain odd lot transactions, clients may not receive the average price. Pending unexecuted trade orders may be stopped so that subsequent trade orders for the same security may be aggregated with the remaining unexecuted portion of an existing trade order for the security. Each Client Account and Affiliate Account that participated in a partially executed trade order that was stopped so that a subsequent trade order for the same security could be aggregated with the remaining uncompleted portion of an existing order will generally receive the average price of the completed portions of the partially executed trade order. Each Client Account and Affiliate Account that participates in a revised aggregated trade order for a security or instrument will participate at the average price for all transactions in the security subsequent to the formation of an aggregated trade order for the same security on a particular business day and the transaction costs related to such transactions will be shared pro rata based on each Client Account’s and Affiliate Account’s participation in the transactions.

If an aggregated order cannot be executed in its entirety, the order generally would be allocated among clients pro rata based on each client’s participation in the transactions. However, under certain circumstances, it may be necessary to revise or adjust an allocation after the trade is executed, but before the final allocation. For example, it may be appropriate to depart from the original allocation (subsequent to the trade but before final allocation) if, among other things, the Adviser determines that the security is no longer suitable for a client, cash or liquidity concerns arise, or the allocation would result in a de minimis allocation.

The Adviser and its Affiliates have adopted an Initial Public Offering (“IPO”) allocation policy (the “IPO Allocation Policy”) for the administration of IPO allocation to Client Accounts and Affiliate Accounts traded by the Adviser’s equity trading desk. This IPO allocation policy supplements the Policy. Portfolio managers are responsible for submitting initial indications of interest (“IOI”) to the equity trading desk for each account that, in the portfolio managers’ judgment and, consistent with the Policy, should participate in the IPO.

As a general policy, equity IPO opportunities should be allocated pro rata among similar accounts managed by a portfolio manager or portfolio management team, subject to certain permitted modifications described in Policy. In the event that the Adviser does not receive its

full requested allocation of the IPO securities, the equity trading desk will determine the allocation to be given to each account for which an IOI has been submitted by portfolio management in accordance with the IPO allocation formula provided in the IPO Allocation Policy. IPO allocations will be assigned up to, but not exceeding, the IOI amount for that account.

Overall, the Adviser will endeavor to ensure that its allocation and aggregation procedures do not operate to systematically advantage or disadvantage clients over time.

Trading for Wrap-Fee Accounts

By contractual arrangement between the client and the introducing broker, most equity transactions executed by the Adviser on behalf of clients in certain wrap-free programs are executed by that program's introducing broker. In programs where the Adviser acts as a sub-adviser to an investment adviser, the Adviser has been directed to execute security transactions through a specified broker-dealer providing custodial services to the client. Fixed income, convertible securities and select small cap equity securities transactions generally may be executed through the program's sponsor or through the Adviser's trading desk. Generally, clients with direct investment advisory agreements with the Adviser have directed the Adviser to execute all securities transactions through a specified broker-dealer providing custodial services to the client. In any case, the Adviser does not negotiate brokerage commissions since execution costs are usually included in the separate account program fee and are not separately borne by the client. This avoids the incremental brokerage costs that would be incurred if the Adviser used for such transactions broker-dealers other than the financial institution sponsoring the program or providing custodial services.

In addition to the advisory fees that client pays to the Adviser, the client may also be responsible to pay commissions to the broker-dealer to whom the client has instructed the Adviser direct all the client's brokerage transactions. Furthermore, in addition to the overall wrap-fee paid by the client, transaction fees may be charged to clients of certain wrap-fee programs by the executing/introducing broker-dealer that may also serve as the sponsor of the wrap-fee program, notwithstanding that a portion of the wrap-fee paid by the client may already contain a fee paid to the broker-dealer.

In certain instances, the Adviser may engage in so-called "step-out" or "broker-of-credit" transactions. Such situations involve placing a transaction with a broker-dealer with the instruction that the broker-dealer execute the transaction for settlement by another broker-dealer that the client has designated. The Adviser believes that such arrangements achieve best execution.

Trading instructions generally are communicated to the equity trading desk and trades are effected based on those instructions first for Oppenheimer Mutual Funds, Private Funds and "Institutional Accounts" (as defined below) that are managed in the same or similar investment strategies as one or more Oppenheimer Mutual Fund(s) and that are not otherwise subject to trading and/or investment restrictions and then for separate accounts and other investment products that are not managed in the same and/or similar investment strategies as one or more

Oppenheimer Mutual Fund(s) and that are subject to trading and/or investment restrictions. When trading instructions for all investment products are communicated to the trading desk at or about the same time, the Adviser will place trades first for the Oppenheimer Mutual Funds and the Institutional Accounts not subject to client instructions regarding “directed brokerage”, and second for the Institutional Accounts subject to client instructions regarding “directed brokerage”, and finally for separate accounts. For example, in those instances in which a portfolio manager manages both an Oppenheimer Mutual Fund and separate account and a security is traded on the same day for both the Oppenheimer Mutual Fund and the separate account, trades for the separate account will follow the Oppenheimer Mutual Fund trades. As such, the separate account may be advantaged or disadvantaged by this trading practice.

“Institutional Accounts” include separately managed accounts used as underlying investments for certain Section 529 Plans and separately managed accounts of particular institutional clients for which OppenheimerFunds, Inc. or an affiliate, such as the Adviser or OFI Institutional Asset Management, Inc. serves as investment adviser.

For separate accounts that are included in wrap-fee programs for which the Adviser serves as investment adviser and that are managed in the same or similar investment strategies as one or more Oppenheimer Mutual Fund(s) and that are not otherwise subject to trading and/or investment restrictions, trade instructions are assembled by the applicable investment team and communicated to the Adviser's wrap account operations representatives who then communicate those instructions by wrap-fee program in accordance with the Adviser's Trade Rotation Policy, which employs a randomized process to determine the order of rotation.

For the various fixed income investment disciplines (such as high grade, high yield, international, municipals, money market and commodities), a particular trading desk for each investment discipline receives trading instructions and executes upon those instructions in the order and manner described above for equity security trades on the equity trading desk.

Within the separate account and directed account categories, if multiple broker-dealer firms are involved, either because the Adviser is managing the same product for multiple separate account programs at different sponsor firms or because the Adviser has received trade direction instructions from multiple institutional clients, the Adviser will rotate the order in which it places transactions among the accounts or groups of accounts. The Adviser normally will use a randomized process to determine the order of rotation. On occasion, the Adviser in its sole discretion may deviate from the randomized process in order to take advantage of special opportunities in the market, such as when it knows that a particular sponsor firm has the securities that it wishes to purchase for separate accounts or is showing the lowest offer price on securities at that time. The Adviser may also deviate from its normal rotation from time to time in an effort to avoid undue delays in execution of transactions for separate account program accounts.

Trade Errors.

Consistent with the Adviser’s fiduciary duties, contractual obligations and applicable law, the Adviser has a responsibility to effect investment decisions correctly, promptly and in the

interests of its clients and to verify that placed orders are correct and properly executed. Although the Adviser strives to assure proper execution of investment decisions, errors may occur in the trading process. Consequently, the Adviser has adopted a policy with respect to the identification, escalation and resolution of trade errors (the “Trade Error Policy”). The Trade Error Policy seeks to assure that appropriate care is taken in implementing investment decisions on behalf of client accounts, any potential trade errors are identified and reported promptly, and each identified error is corrected on a timely basis.

Item 13 – Review of Accounts

The Adviser will review its investment advisory accounts (i) daily through the actions of portfolio managers and their associates, and (ii) in preparation for meetings with clients, which may be held periodically. The portfolio managers and (in some instances) an assistant portfolio manager or analyst will review each of their accounts on a continuous basis and will be responsible for selecting investments in accordance with each client's investment objectives, strategies, guidelines and restrictions. Each investment team will meet with a supervisory group periodically. Account trading is monitored on a daily basis by operations and compliance personnel. The number of accounts assigned to each reviewer in the operations and compliance departments depends on the nature and size of the accounts under management.

In addition to the reports periodically generated in conjunction with the reviews described above, each client will be given various reports required of registered investment advisers by the U.S. federal securities laws. The nature and frequency of reports provided to individually managed institutional account clients vary based on client needs and/or preferences. Typically, reports to clients are made monthly or quarterly and may include portfolio transactions, holdings, characteristics, strategies, performance attribution analysis and account performance versus portfolio benchmark(s).

Item 14 – Client Referrals and Other Compensation

Employees of the Adviser and certain of its Affiliates (typically those in sales and related positions) may be awarded compensation at the discretion of senior management of the Adviser or the applicable Affiliate for successful efforts in bringing in new accounts. Senior management of the Adviser or the applicable Affiliate determines the amount of the compensation, taking into account the particular efforts of the employee involved in bringing in the particular account. Any such compensation paid to employees of the Adviser or the applicable Affiliate, as applicable, does not result in higher fees to clients. Additionally, an Affiliate of the Adviser has entered into an agreement to pay an unaffiliated third party for referrals of non-US clients a percentage of the fees generated from such non-US clients. All compensation for such referrals will be paid in accordance with applicable law and does not result in higher fees to clients.

Employees of the Adviser’s Affiliate have participated in paid educational programs offered by consulting firms from which the Adviser and its Affiliates may indirectly seek client referrals.

The consulting firms that sponsor these educational programs provide conferences and published research to the Affiliate on current topics that are of interest to plan sponsors and investment management organizations. While there may be the appearance of a conflict of interest, the Adviser does not believe that it has received any preferential treatment as a result of the Affiliate's participation in these programs.

Item 15 – Custody

The Adviser and/or its Affiliates may have custody over certain Client Accounts. Clients should receive statements at least quarterly from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. The Adviser urges its clients to carefully review such statements and compare such official custodial records to the account statements provided by the Adviser. The Adviser's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

The Adviser usually receives written authority from the client at the outset of an advisory relationship to determine (i) what securities are to be bought or sold, (ii) amount of securities to be bought or sold, (iii) the broker or dealer to be used, and (iv) the commissions to be paid. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account and in accordance with applicable law.

Item 17 – Voting Client Securities

The Adviser and its Affiliates have adopted Portfolio Proxy Voting Policies and Procedures, which include Proxy Voting Guidelines, under which the Adviser votes proxies relating to securities held by clients ("portfolio proxies"), in compliance with Rule 206(4)-6 of the Advisers Act. Unless otherwise specifically provided in the agreement between the client and the Adviser, the Adviser will generally be responsible for evaluating and voting on all proposals. The following summary of the Proxy Voting Policies and Procedures is intended to provide clients with a description of Adviser's proxy voting process. For purposes of this discussion, the term "clients" shall include the Mutual Funds, the Private Funds and Trust Company Funds advised or sub-advised by the Adviser (and/or its affiliates) and the shareholders of such funds.

As an investment adviser that has been granted the authority to vote portfolio proxies, the Adviser generally undertakes to vote portfolio proxies with a view to enhancing the value of the company's stock held by clients. The Adviser has retained an independent, third party proxy voting agent to vote portfolio proxies in accordance with the Proxy Voting Guidelines and to maintain records of such portfolio proxy voting. The Portfolio Proxy Voting Policies and Procedures include provisions to address conflicts of interest that may arise between the client

and the Adviser or the Adviser's affiliates or business relationships. Such a conflict of interest may arise, for example, where the Adviser or an affiliate of the Adviser manages or administers the assets of a pension plan or other investment account of the portfolio company soliciting the proxy or seeks to serve in that capacity. The Adviser and its affiliates generally seek to avoid such material conflicts of interest by maintaining separate investment decision making processes to prevent the sharing of business objectives with respect to proposed or actual actions regarding portfolio proxy voting decisions. Additionally, the Adviser employs the following procedures, as long as the Adviser determines that the course of action is consistent with the best interests of its clients: (1) if the proposal that gives rise to the conflict is specifically addressed in the Proxy Voting Guidelines, the Adviser will vote the portfolio proxy in accordance with the Proxy Voting Guidelines, unless (i) the Proxy Voting Guidelines provide discretion to the Adviser on how to vote on the matter; or (ii) to the extent a portfolio manager has requested that Adviser vote in a manner inconsistent with the Proxy Voting Guidelines, it is determined that such a request is in the best interest of the clients and does not pose an actual material conflict of interest; (2) if such proposal is not specifically addressed in the Proxy Voting Guidelines or the Proxy Voting Guidelines provide discretion to the Adviser on how to vote, the Adviser will vote in accordance with the third-party proxy voting agent's general recommended guidelines on the proposal provided that the Adviser has reasonably determined that there is no conflict of interest on the part of the proxy voting agent or item (1) (ii), above, is not applicable; and (3) if neither of the previous two procedures provides an appropriate voting recommendation, the Adviser may retain an independent fiduciary to advise the Adviser on how to vote the proposal or may abstain from voting. The Proxy Voting Guidelines' provisions with respect to certain routine and non-routine proxy proposals are summarized below:

- The Adviser evaluates director nominees on a case-by-case basis, examining the following factors, among others: composition of the board and key board committees, experience and qualifications, attendance at board meetings, corporate governance provisions and takeover activity, long-term company performance and the nominee's investment in the company.
- The Adviser generally supports proposals requiring the position of chairman to be filled by an independent director unless there are compelling reasons to recommend against the proposal such as a counterbalancing governance structure.
- The Adviser generally supports proposals asking that a majority of directors be independent. The Adviser generally supports proposals asking that a board audit, compensation, and/or nominating committee be composed exclusively of independent directors.
- The Adviser generally supports shareholder proposals to reduce a super-majority vote requirement, and opposes management proposals to add a super-majority vote requirement.
- The Adviser generally supports proposals to allow shareholders the ability to call special meetings.

- The Adviser generally supports proposals to allow or make easier shareholder action by written consent.
- The Adviser generally votes against proposals to create a new class of stock with superior voting rights.
- The Adviser generally votes against proposals to classify a board.
- The Adviser generally supports proposals to eliminate cumulative voting.
- The Adviser generally votes against proposals to establish a new board committee.
- The Adviser generally opposes re-pricing of stock options without shareholder approval.
- The Adviser generally supports proposals to require majority voting for the election of directors.
- The Adviser generally supports proposals seeking additional disclosure of executive and director pay information.
- The Adviser generally supports proposals seeking disclosure regarding the company's, board's or committee's use of compensation consultants.
- The Adviser generally supports "pay-for-performance" and "pay-for-superior-performance standard" proposals that align a significant portion of total compensation of senior executives to company performance, and generally supports an annual frequency for advisory votes on executive compensation.
- The Adviser generally supports having shareholder votes on poison pills.
- The Adviser generally supports proposals calling for companies to adopt a policy of not providing tax gross-up payments.
- In the case of social, political and environmental responsibility issues, the Adviser will generally abstain where there could be a detrimental impact on share value or where the perceived value if the proposal was adopted is unclear or unsubstantiated. The Adviser generally supports proposals that would clearly have a discernible positive impact on short- or long-term share value, or that would have a presently indiscernible impact on short- or long-term share value but promotes general long-term interests of the company and its shareholders.

To receive a copy of the Adviser's Proxy Voting Policies and Procedures and Client Voting Record, please contact the Adviser at 1-800-322-1854 or write us at: Attention: Compliance Officer, 2 World Financial Center, 225 Liberty Street, 11th Floor, New York, New York, 10281-1008.

Item 18 – Financial Information

The Adviser currently has no financial condition that is reasonably likely to impair its ability to meet its contractual and fiduciary commitments to clients. In addition, the Adviser has not been the subject of a bankruptcy proceeding at any time during the past ten years.

Appendix A - Privacy Notice

PRIVACY NOTICE TO CLIENTS OF OFI PRIVATE INVESTMENTS INC.

As an investor who has selected OFI Private Investments Inc. to manage your account, you are entitled to know how we protect any personal information about you that we have, and how we limit its disclosure. We collect nonpublic personal information about investors such as you from the following sources:

- Information we receive from you on investment questionnaires or other forms; and
- Information about your transactions in accounts managed by us, our affiliates, or others

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law.

Except as permitted by law, we will not disclose nonpublic personal information about you (such as a customer list with your name) to unaffiliated third parties, unless we first offer you a reasonable opportunity to refuse or “opt out” of such disclosure – that is, to direct us not to make such disclosure about you.

We maintain physical, electronic and procedural safeguards to guard your personal account information. Our employees and agents who have access to account data need to know that information to provide products or services to you, such as to service your account when you call us with questions.

This notice applies to all OFI Private Investments accounts you presently have or may open in the future using your Social Security number or Tax Identification number – whether or not you remain invested with us.

This notice describes the privacy policy of OFI Private Investments Inc. It applies to all current accounts and any that may be established in the future. If you have any questions about these privacy policies, contact us by phone at (800) 453-9989, write to us at 2 World Financial Center, 225 Liberty Street, 14th Floor, New York, NY 10281, or email us at ofipi-ops@oppenheimerfund.com.