

Oppenheimer Alternative Investment Management, LLC
85 Broad Street, 24th Floor
New York, NY 10004

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This brochure provides information about the qualifications and business practices of Oppenheimer Alternative Investment Management, LLC. If you have any questions about the contents of this brochure, please contact please contact Vineet Bhalla at 212-885-4745 or Vineet.bhalla@opco.com or John Karsen at 212-885-4794 or john.karsen@opco.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Oppenheimer Alternative Investment Management, LLC also is available on the SEC's website at: www.adviserinfo.sec.gov.

Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

ITEM 2 MATERIAL CHANGES

Oppenheimer Alternative Investment Management, LLC (“OAIM”) filed its most recent annual update to its Form ADV Part 2A on March 30, 2015.

This Brochure has been amended to reflect a change in the executive officers of OAIM.

A summary of any material changes to this and subsequent Brochures will be provided to you within 120 days of the close of our business’ fiscal year. We may also provide you with additional updates or other disclosure information at other times during the year in the event of any material changes to our business.

You may request the most recent version of this brochure by contacting Vineet Bhalla at 212-885-4745 or Vineet.bhalla@opco.com or John Karsen at 212-885-4794 or john.karsen@opco.com.

ITEM 3 TABLE OF CONTENTS

ITEM 2	MATERIAL CHANGES	2
ITEM 3	TABLE OF CONTENTS	3
ITEM 4	ADVISORY BUSINESS	4
ITEM 5	FEES AND COMPENSATION.....	7
ITEM 6	PERFORMANCE – BASED FEES AND SIDE BY SIDE MANAGEMENT	10
ITEM 7	TYPES OF CLIENTS	10
ITEM 8	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	11
ITEM 9	DISCIPLINARY INFORMATION	56
ITEM 10	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	56
ITEM 11	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	57
ITEM 12	BROKERAGE PRACTICES	588
ITEM 13	REVIEW OF ACCOUNTS.....	59
ITEM 14	CLIENT REFERRALS AND OTHER COMPENSATION	60
ITEM 15	CUSTODY	60
ITEM 16	INVESTMENT DISCRETION.....	61
ITEM 17	VOTING CLIENT SECURITIES.....	61
ITEM 18	FINANCIAL INFORMATION	62

ITEM 4 ADVISORY BUSINESS

A. General Description of Advisory Firm

Oppenheimer Alternative Investment Management, LLC (“OAIM”) was formed April 6, 2006. OAIM is a series limited liability company. It provides general advisory and management services to businesses and institutional clients other than investment companies, and provides portfolio management for pooled investment vehicles.

A separate series of OAIM is the general partner or managing member, as the case may be (the “General Partner”) of each of the funds listed below (the “Funds”), and provides investment advisory services to the Funds with the assistance of employees of Oppenheimer Asset Management Inc. (the “Sponsor” or “OAM”).

OAM is an SEC registered investment adviser. OAIM is an affiliate of OAM, wholly owned by Oppenheimer Holdings, Inc. (“OPY”), a publicly traded company listed on the New York Stock Exchange (“NYSE”). Albert G. Lowenthal Chairman of the Board and Chief Executive Officer of OPY, controls more than 50% of the voting securities of OPY.

OAIM has retained Oppenheimer & Co. Inc. (“Oppenheimer”), an affiliate of OAIM, to act as administrator to the Funds. The PE Funds (defined below) pay their management fees to Oppenheimer and not to OAIM. CSO and Access Fund (defined below) pay their management fee to OAIM.

B. Description of Advisory Services

OAIM provides advisory services to the following Funds:

Hedge Funds:

- 1) Oppenheimer Capital Structure Opportunities Fund, LP (“CSO”): An opportunistic event-driven hedge fund that targets attractive risk-adjusted returns by identifying mispriced capital structure relationships. The minimum subscription amount in CSO is \$500,000. OAIM has appointed Birch Grove Capital LP (“Birch”), a registered investment adviser, to serve as sub-advisor and implement its entire CSO investment strategy.
- 2) Advantage Advisers Birch Grove Access Fund, LLC (“Access Fund”) is a Delaware limited liability company which is a feeder fund that invests substantially all of its assets in Birch Grove Credit Strategies Fund LP, a Delaware limited partnership (the “Underlying Fund”). The Underlying Fund invests substantially all of its assets in Birch Grove Credit Strategies Master Fund LP, a Cayman Islands exempted limited partnership (the “Master Fund”). Birch Grove Advisors LLC, a Delaware limited liability company, serves as general partner of the Underlying Fund and Master Fund. Birch serves as investment manager of the Underlying Fund and Master Fund. Birch and Birch Grove Advisors LLC are collectively referred to herein as the “Underlying Fund Manager”.

Private Equity Funds (the “PE Funds”):

- 1) Oppenheimer Private Equity Fund I, LP (“OPEI”): a fund-of-private equity funds which is invested indirectly, through underlying private equity funds (its “Underlying Funds”), in a broad range of private equity investments in various companies. OPEI is no longer accepting new investor commitments or making new investments.

- 2) Oppenheimer Private Equity Offshore Fund I, LP (“OPEI Offshore”): an exempted limited partnership formed under the laws of the Cayman Islands. OPEI Offshore is invested only in OPEI and is a limited partner in OPEI. OPEI Offshore is no longer accepting new investor commitments.
- 3) Oppenheimer Private Equity Co-Investment Fund I, LP (“OPECO”): a private equity fund which invests primarily in portfolio companies of other private equity funds. OPECO is no longer accepting new investor commitments or making new investments.
- 4) Oppenheimer Private Equity Co-Invest Offshore Fund I, LP (“OPECO Offshore”): an exempted limited partnership formed under the laws of the Cayman Islands. OPECO Offshore is invested only in OPECO and is a limited partner in OPECO. OPECO Offshore is no longer accepting new investor commitments.
- 5) Oppenheimer Global Resource Private Equity Fund, L.P. (“OGR PE”): a private equity fund which invests both indirectly (through underlying private equity funds (its “Underlying Funds”)) and directly in securities issued by companies that focus on Natural Resource and Related Assets. OGR PE is no longer accepting new investor commitments and or making new investments.
- 6) Oppenheimer Global Resource Private Equity Offshore Fund I, L.P. (“OGR PE Offshore”): an exempted limited partnership formed and registered under the laws of the Cayman Islands. OGR PE Offshore is invested only in OGR PE and is a limited partner in OGR PE. OGR PE Offshore is no longer accepting new investor commitments.
- 7) Oppenheimer Drilling Partners, L.P. (“ODP”): a private equity fund which invests in oil and gas assets and companies. ODP is no longer accepting new investor commitments and is not making new investments.

A separate series of OAIM is the managing member or general partner of each of CSO, Access Fund and each of the PE Funds. There are a number of additional entities that have been formed in connection with the investments made by OPECO, OGR PE and ODP.

- 1) Entities relating to an investment in certain oil and gas assets located in the Bakken basin in North Dakota and surrounding regions (the “Bakken Assets”):
 - OGR Bakken Resources, LLC: a Delaware limited liability company through which OPECO and OGR PE invested, indirectly through OGR Bakken Resources, LLC, in the Bakken Assets. A separate series of OAIM is the managing member of OGR Bakken Resources, LLC.
 - OGR Petroleum Partners I, LLC: a Delaware limited liability company owned by OPECO and OGR PE which owns all of OGR Bakken Resources, LLC. A separate series of OAIM is the managing member of OGR Petroleum Partners I, LLC.
 - OPECO Petroleum AIV I, L.P.: a Delaware limited partnership which is a limited partner in OPECO. It is an alternative investment vehicle for OPECO Offshore investors which was formed in connection with the investment in the Bakken Assets. A separate series of OAIM is the general partner of OPECO Petroleum AIV I, L.P.
 - OGR Petroleum AIV I, L.P.: a Delaware limited partnership which is a limited partner in OGR PE. It is an alternative investment vehicle for OGR PE Offshore investors which was formed in connection with the investment in the Bakken Assets. A separate series of OAIM is the general partner of OGR Petroleum AIV I, L.P.

- 2) Entities relating to an investment in certain California mining assets (the “Shasta Assets”):
- OPECI Mining Partners I, LLC: a Delaware limited liability company through which OPECO investors hold, indirectly through OPECI AIV I, L.P., their investment in the Shasta Assets. A separate series of OAIM is the managing member of OPECI Mining Partners I, LLC.
 - OPECI AIV I, L.P.: a Delaware limited partnership which is a limited partner in OPECO. It is an alternative investment vehicle for OPECO and OPECO Offshore investors which was formed in connection with the investment in the Shasta Assets. A separate series of OAIM is the general partner of OPECI AIV I, L.P.
- 3) Entities relating to OGR PE’s investment in an Underlying Fund invested in certain energy related assets (the “EIF Fund”):
- OGR EIF AIV I, L.P.: a Delaware limited partnership which is a limited partner of the EIF Fund. It is an alternative investment vehicle for certain investors in OGR PE who elected to hold their investment the Fund through this entity. A separate series of OAIM is the general partner of OGR EIF AIV I, L.P.
 - OGR Offshore EIF AIV I, L.P.: a Delaware limited partnership which is a limited partner in OGR PE. It is an alternative investment vehicle for OGR PE Offshore investors which was formed in connection with the investment in the EIF Fund. A separate series of OAIM is the general partner of OGR Offshore EIF AIV I, L.P.
- 4) Entity related to OGR PE’s investment in an Underlying Fund invested in certain energy related assets (the “Atlas Fund”):
- OGR Atlas AIV I, L.P.: a Delaware limited partnership which is a limited partner in OGR PE. It is an alternative investment vehicle for OGR PE Offshore investors which was formed in connection with the investment in the Atlas Fund. A separate series of OAIM is the general partner of OGR Atlas AIV I, L.P.
- 5) Entities relating to OGR PE’s investment in an Underlying Fund invested in certain oil and gas wells in the United States (the “SFC Fund”):
- OGR SFC AIV I, L.P.: a Delaware limited partnership which is a limited partner of the SFC Fund. It is an alternative investment vehicle for certain investors in OGR PE who elected to hold their investment. A separate series of OAIM is the general partner of OGR SFC AIV I, L.P.
 - OGR Offshore SFC AIV I, L.P.: a Delaware limited partnership which is a limited partner in OGR PE. It is an alternative investment vehicle for OGR PE Offshore investors which was formed in connection with the investment in the SFC Fund. A separate series of OAIM is the general partner of OGR Offshore SFC AIV I, L.P.
- 6) Entities relating to OPECO’s and ODP’s investments in certain oil and gas assets in Kansas (the “KODP Assets”):
- Kansas ODP, L.P., a Delaware series limited partnership, of which Series A interests are owned by OPECO and Series B interests are owned by OPECO and by ODP AIV I, L.P. A separate series of OAIM is the general partner of Kansas ODP, L.P.

- ODP AIV I, L.P., a Delaware limited partnership which owns Series B interests in Kansas ODP, L.P. ODP AIV I, L.P. is an alternative investment vehicle for ODP investors which was formed in connection with an investment in the Kansas Assets. A separate series of OAIM is the general partner of ODP AIV I, L.P.
 - OPECO KODP I, L.P., a Delaware limited partnership which is a limited partner in OGR PE. It is an alternative investment vehicle for OPECO Offshore investors which was formed in connection with an investment by ODP in certain KODP assets. A separate series of OAIM is the general partner of OPECO KODP I, L.P.
- 7) Entities relating to ODP's joint venture exploration and development activity with a publicly owned oil and gas company (the "Triangle Assets"):
- ODP AIV II, L.P., a Delaware limited partnership which is an alternative investment vehicle for ODP and which entered into the joint venture which has acquired and is developing certain Triangle Assets. A separate series of OAIM is the general partner of ODP AIV II, L.P.
- 8) Entities relating to ODP's investment in certain oil and gas assets in Kansas and Missouri (the "MoKan Assets"):
- ODP AIV III, L.P. a Delaware limited partnership is an alternative investment vehicle for ODP and which owns the MoKan Assets. A separate series of OAIM is the managing member of ODP AIV III, L.P.

OAIM may enter into separate accounts with institutional and high net worth individuals on terms that are negotiated separately.

OAIM may engage sub-advisors in connection with its advisory business. OAIM has engaged Birch as a discretionary sub-advisor for CSO.

Investors purchase limited partnership or limited liability company interests in the Funds and investments are made at the Fund level, not for individual investors in the Funds.

Assets under Management

As of December 31, 2014, OAIM managed \$436,619,822 of client assets on a discretionary basis. This figure includes committed capital. OAIM did not manage any client assets on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. Advisory Fees and Compensation

OAIM is compensated for the investment advisory services it provides to the Funds by a management fee which is calculated as a fixed percentage of either investor commitments or invested capital of the Fund, as well as by performance-based carried interest or allocation. OAIM may waive or reduce the fees charged in its sole discretion.

The Funds maintain a capital account for each investor. The capital account is credited with the investor's capital contributions to the Fund when made, the investor's share of the Fund's net profit, and any other credits called for under the Fund Partnership Agreement or Limited Liability Company Agreement, as the case may be ("Partnership Agreement"). This account is charged with the amount of any distributions to the investor, the

investor's share of the management fee, its share of the Fund's net losses of the Fund, and any other charges called for under the Fund Partnership Agreement.

Payment of Fees

CSO

<u>Fees</u>	<u>When Paid</u>	<u>Amount</u>
Management Fee	Beginning of each calendar month	0.125% monthly (1.5% annually) of the net asset value of the Fund and (2.0% annually of the Net Asset Value attributable to the Capital Account of each Limited Partner that became a Limited Partner of the Fund on or after January 1, 2014.
Performance Allocation (a portion allocated to OAIM is ultimately allocated to Birch)	At end of each fiscal year (subject to high water mark)	20% (annually) of the net new appreciation, if, any achieved by each investor's capital account during that calendar year

Access Fund

<u>Fees</u>	<u>When Paid</u>	<u>Amount</u>
Management Fee	Beginning of each calendar quarter	0.1875% quarterly (0.75% annually) of the net asset value of the Fund attributable to the Capital Account of each member of the Fund.
Performance Allocation	See below	

Access Fund does not pay any incentive allocation to the OAIM. However, the Underlying Fund Manager receives an incentive allocation of 20% of the net capital appreciation (subject to a loss recovery account) attributable to the capital account of each Underlying Fund investor. As a result, investors will indirectly be paying a portion of the incentive allocation payable to the Underlying Fund Manager by virtue of the Access Fund's investment in the Underlying Fund. Pursuant to a separate agreement between OAIM and Underlying Fund Manager, the Underlying Fund Manager has agreed to pay a portion of its incentive allocation to OAIM. The portion is 20% of the total incentive allocation payable to the Underlying Fund Manager with respect to Access Fund's investment in the Underlying Fund.

OPEI

<u>Fees</u>	<u>When Paid</u>	<u>Amount</u>
Management Fee (paid to Oppenheimer).	Quarterly in advance (paid to Oppenheimer as Oppenheimer has been retained by OAIM to act as administrator)	From June 28, 2006 through June 27, 2009: 1% (annually) of the aggregate investor commitments Thereafter: 1% (annually) of capital invested in portfolio investments
Carried Interest	Depends on the amount of cash available for distribution. Timing of distributions is within OAIM's discretion.	10% of net cumulative profits distributable after the investors have received a preferred return of 9% on unreturned capital contributions and a return of their capital contributions

OPECO

<u>Fees</u>	<u>When Paid</u>	<u>Amount</u>
Management Fee (paid to Oppenheimer).	Quarterly in advance (paid to Oppenheimer as Oppenheimer has been retained by	From August 22, 2007 through February 23, 2013: 2% (annually) of the aggregate investor

	OAIM to act as administrator)	commitments Thereafter: 2% (annually) of capital invested in portfolio investments
Carried Interest	Depends on the amount of cash available for distribution. Timing of distributions is within OAIM's discretion.	20% of net cumulative profits distributable after the investors have received a preferred return of 9% on unreturned capital contributions and a return of their capital contributions

OGR PE

<u>Fees</u>	<u>When Paid</u>	<u>Amount</u>
Management Fee (paid to Oppenheimer).	Quarterly in advance (paid to Oppenheimer as Oppenheimer has been retained by OAIM to act as administrator).	From April 3, 2008 through the June 30, 2011: Class A Shares: 1% (annually) of Class A investor commitments; Class B Shares 0.75% (annually) of Class B investor commitments. Thereafter: Class A Shares 1% (annually) of capital invested in portfolio investments; Class B Shares 0.75% (annually) of Class B investor commitments.
Carried Interest	Depends on the amount of cash available for distribution. Timing of distributions is within OAIM's discretion.	10% (for Class A Shares) or 5% (for Class B Shares) of net cumulative profits distributable after the investors have received a preferred return of 8% on unreturned capital contributions and a return of their capital contributions

ODP

<u>Fees</u>	<u>When Paid</u>	<u>Amount</u>
Management Fee (paid to Oppenheimer).	Quarterly in advance	2.00% of Aggregate Commitments until the expiration of the Investment Period (five years after the final closing). After the expiration of the Investment Period, the Management Fee will be 2.00% of Invested Capital.
Royalty Interest (paid in part to OAIM))	As production occurs from underlying oil and gas assets	2.00% net overriding royalty interest of the aggregate production from oil and gas production assets in ODP's portfolio.
Carried Interest (paid in part to OAIM)	Depends on the amount of cash available for distribution. Timing of distribution is within OAIM's discretion.	20% of net cumulative profits after return of capital used for investments or organizational expenses, plus a preferred return of 7% thereon.

B. Additional Fees and Expenses

Generally, the Funds bear all of their expenses (including but not limited to organizational, offering, operational and third party administration expenses) other than management expenses such as salaries, benefits, and cost of office space and facilities.

ITEM 6 PERFORMANCE – BASED FEES AND SIDE BY SIDE MANAGEMENT

Performance fees are earned in each Fund based on profits. The existence and sharing of performance-based fees described in the fee schedules above may create an incentive for the Funds' managers to recommend or approve more speculative investments on behalf of the Funds than would be the case in the absence of this arrangement. In addition, the performance-based fee, if made, could result in allocations to OAIM, or Birch, as applicable, which are greater than fees normally paid to other investment managers for similar services.

OAIM expects that, from time to time, the Funds and other accounts that OAIM may advise may participate in an investment opportunity at the same time. To the extent an investment opportunity is suitable for more than one Fund or account, the investment opportunity must be allocated among the participating Funds and other investors seeking to partake in the opportunity. OAIM's internal policies require that any such allocation of investment opportunities be fair and equitable and that no participating Fund or account receive preferential treatment over any other.

When presented with an investment opportunity, OAIM will, together with its sub-advisors, assess the suitability of the investment for each Fund or account. This assessment takes into account, among other things, the Funds' or account's investment objectives and strategies, risk profile, tax status, diversification requirements, liquidity needs and available assets for investment. OAIM also assesses current market conditions and any other information relevant to the fair allocation of securities among the multiple potential investors.

When an investment opportunity is suitable for more than one Fund and/or account, the investment opportunity will be allocated *pro rata* among such investment vehicles according to the respective amounts of capital that each such vehicle then has available to make such investment.

ITEM 7 TYPES OF CLIENTS

OAIM advises pooled investment vehicles.

The minimum subscription in the Funds, unless waived, reduced or increased by the OAIM in its sole and absolute discretion, is as follows:

- CSO: \$500,000
- Access Fund \$250,000
- OPEI and OPEI Offshore: \$500,000
- OPECO and OPECO Offshore: \$1,000,000
- OGR PE and OGR PE Offshore:
 - Class A Shares: \$500,000
 - Class B Shares: \$5,000,000
- ODP: \$500,000

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

A. Methods of Analysis and Investment Strategies

CSO Investment Strategy

CSO operates as a feeder fund within a “Master Fund/Feeder Fund” structure whereby substantially all of CSO’s assets are invested in Oppenheimer Capital Structure Opportunities Master Fund Ltd. (the “Master Fund”). OAIM, which serves as both the general partner and investment manager to the Fund, has, pursuant to a Sub-advisor agreement, appointed Birch to serve as sub-advisor to the Master Fund and implement its entire investment strategy. The investment objective of the Fund and Master Fund is to generate attractive returns while managing the risk of capital loss through all market cycles. The Master Fund seeks to accomplish its investment objective by capitalizing on Birch’s investment experience and knowledge of industry participants to identify long and short absolute return investment opportunities in the corporate credit, structured credit, and credit-related markets. The Master Fund may target public and private situations and may have long and short positions.

The Master Fund expects to utilize a flexible, opportunistic investment strategy to identify (i) assets that are substantially undervalued or overvalued and (ii) situations that are likely to be significantly affected by specific events or trends. By identifying situations early, the Sub-Advisor believes that the Master Fund can capitalize on any such investment opportunity before it is recognized by the broader market. An experienced team of investment professionals employed by the Sub-Advisor or an affiliate thereof will endeavor to accomplish the investment objective by investing in a diversified portfolio of debt and equity investments in companies and structured credit products. The Master Fund’s investment strategy is intended to have a low correlation with the broader fixed-income and equity markets. The Master Fund will also actively seek to hedge, and take advantage of, opportunities in deteriorating credit markets through the use of credit-specific short sales or positions, synthetic derivatives and other debt, equity or synthetic securities.

The Master Fund will also seek to capitalize on market inefficiencies and liquidity driven events by investing in what it believes to be opportunistic assets that have the prospect for credit improvement or decline or that are expected to undergo significant positive or negative credit events. Accordingly, the Master Fund may actively trade its portfolio of securities if, in its discretion, market conditions warrant. In such circumstances, the Master Fund may have substantial portfolio turnover. The Sub-Advisor believes that this flexibility will allow the Master Fund to adapt to changing market conditions and invest opportunistically in different layers of the capital structure. In seeking to achieve the investment objective described above, the Master Fund expects the composition of its portfolio and use of leverage to vary based upon market conditions and the Sub-Advisor’s view as to relative value opportunities.

The Sub-Advisor has broad investment discretion in seeking to achieve the Master Fund's objective. The Master Fund may invest and trade in a variety of credit and credit-related instruments, including, but not limited to, bank loans, high-yield bonds, investment grade bonds, trade claims, convertible securities, distressed securities, mezzanine securities, securitized instruments (such as collateralized loan obligations, collateralized debt obligations, collateralized bond obligations, residential mortgage backed securities and commercial mortgage backed securities), leases, synthetic opportunities in sector indices (including, ABX, CMBX and CDX indices), common and preferred stock, warrants and other equity-related instruments. In addition, derivative instruments, including credit default swaps, may be used for hedging and as investment opportunities. Securities may be traded on exchanges or over-the-counter or acquired in private placements. In addition to U.S. securities, the Master Fund may invest in securities and other investments issued by non-U.S. governments and companies domiciled in other countries.

The Master Fund may engage in any investment strategy and make any investment that the Sub-Advisor considers appropriate to pursue the Master Fund’s investment objective. There can be no assurance that the Fund will achieve the stated investment objectives, or that the proposed strategies will be successful.

Access Fund Investment Strategy

The investment objective of the Master Fund is to generate attractive returns while managing the risk of capital loss through all market cycles. The Master Fund seeks to accomplish this investment objective by capitalizing on Birch's extensive investment experience and knowledge of industry participants to identify long and short absolute return investment opportunities in the corporate credit, structured credit, and credit related markets. The Master Fund may target public and private situations and may have long and short positions.

The Master Fund utilizes a flexible, opportunistic investment strategy to identify (i) assets that are substantially undervalued or overvalued and (ii) situations that are likely to be significantly affected by specific events or trends. By identifying situations early, Birch believes that the Master Fund can capitalize on any such investment opportunity before it is recognized by the broader market. An experienced team of investment professionals employed by Birch or an affiliate thereof will endeavor to accomplish the investment objective by investing in a diversified portfolio of debt and equity investments in companies and structured credit products. The Master Fund's investment strategy is intended to have a low correlation with the broader fixed-income and equity markets. The Master Fund actively seeks to hedge, and take advantage of, opportunities in deteriorating credit markets through the use of credit-specific short sales or positions, synthetic derivatives and other debt, equity or synthetic securities.

Birch makes use of a consistent, disciplined investment selection process and both a top-down and bottom-up approach to due diligence and valuation. When evaluating a prospective investment, Birch performs an in-depth examination of each asset by analyzing the credit quality, the collateral quality and the structure of the asset and then modeling such asset given certain loss and prepayment assumptions. In determining the value of an asset Birch seeks to identify assets that provide attractive current income and/or capital appreciation. Birch also examines the asset with a view towards assessing its absolute return and its relative value on a risk-return basis. This approach allows Birch to better understand the dynamics of a particular investment opportunity. Birch generally gathers data through a detailed due diligence process comprised of financial analysis, cash flow forecasts and a review of information assimilated from a variety of third party sources.

Birch actively monitors the assets in the Master Fund through daily portfolio reviews and meetings, in conjunction with ongoing surveillance using Birch's surveillance system. The Master Fund may decide to dispose of a Fund investment if it is not meeting expectations or if there is a material change to the underlying assets of such Fund investment. In the case of event-driven or special situation investments, the timing of such disposition may also depend on whether Birch believes that there is any additional value to be realized following the resolution of a particular situation. Through this process and, by determining the value of an asset, Birch believes that it can identify and acquire interests in credit and credit related assets that are consistent with the Master Fund's investment objective.

While Birch generally follows the analytical methodologies and investment strategies discussed above, these methodologies and strategies are not intended to represent an exclusive list but to provide examples. Not all of these methodologies or strategies may be utilized at the same time or in the same proportions, and Birch may modify and/or implement additional strategies as appropriate for different Fund investments or in response to changing market conditions.

OPEI and OPEI Offshore Investment Strategy

OPEI is not seeking any new investor commitments and is currently fully invested in, or committed to, its portfolio. OPEI invested in a portfolio of private equity funds including those engaged in buy-out, venture capital and niche specialty investments, which in turn invest in a broad range of private equity investments in various

companies. OPEI's portfolio investments are diversified by industry, geography, stage of company development and vintage year.

OPEI Offshore has committed substantially all of its funds to OPEI. OPEI Offshore therefore has an investment strategy identical to OPEI's. It was designed to offer opportunities for certain tax exempt, foreign or other tax sensitive investors to reduce U.S. federal income taxes and/or tax reporting obligations that arise if the investor invested directly in OPEI.

OPECO and OPECO Offshore Investment Strategy

OPECO is not seeking any new investor commitments and is fully invested in or committed to its portfolio. OPECO is invested in equity and equity-like investments in various companies that are portfolio companies of the private equity funds in which OPEI is invested (each a "Lead Investor Fund") and in direct investments that are not portfolio companies of Underlying Funds. OPECO sourced its direct investments in such companies through OAM's network of private equity relationships. OAIM is also authorized to invest a portion of OPECO in equity securities where OPECO is the lead investor.

OPECO's portfolio investments are diversified by industry, geography and stage of company. Review and evaluation of such investment opportunities include the consideration of macro data and a geographic region's political, currency devaluation and natural disaster risks in order to assess a region's risk profile. In addition, market sections within geographic regions deemed investible from a macro risk standpoint are then evaluated based on size, trends, per capital investment, private equity penetration, barriers to entry and exit and potential for dramatic value shifts.

OPECO Offshore has committed substantially all of its funds to OPECO. OPECO Offshore therefore has an investment strategy identical to OPECO's. It was designed to offer opportunities for certain tax-exempt, foreign or other tax sensitive investors to reduce U.S. federal income taxes and/or tax reporting obligations that might arise if the investor invested directly in OPECO.

OGR PE and OGR PE Offshore Investment Strategy

OGR PE is not seeking any new investor commitments and it fully invested in or committed to its portfolio. OGR PE is a diversified portfolio of private equity and equity-related securities targeting investments in single assets and portfolios of assets, as well as in securities of companies that own, control, operate, generate, manage, transport, develop technology for, or otherwise deal with, or support, Natural Resources and Related Assets. OGR PE is invested primarily in Underlying Funds which it believes possess distinct domain expertise and experience in a given sector, region or situation. OGR PE has made opportunistic investments in joint ventures and private companies that own, control, operate, generate, manage, transport, develop technology for, or otherwise deal with, or support, Natural Resources and Related Assets ("Direct PE Investments" and collectively with interests in Underlying Funds, the "PE Investment Assets"). Such opportunistic investments have been limited, in accordance with OGR PE's operating documents, to approximately 20% of OGR PE's total commitments. OGR PE has built a diversified portfolio aimed at reducing risk as well as maximizing potential returns. OGR PE's portfolio is diversified by resource type, geography and vintage year.

OGR PE Offshore, an exempted limited partnership formed and registered under the laws of the Cayman Islands, has an investment strategy identical to OGR PE's. OGR PE Offshore has committed substantially all of its funds to OGR PE and was designed to offer opportunities for certain tax-exempt, foreign or other tax sensitive investors to reduce U.S. federal income taxes and/or tax reporting obligations that might arise if the investor invested directly in OGR PE.

ODP Investment Strategy

ODP is not seeking any new investor commitments. ODP's investment strategy is to identify experienced oil and gas operators with attractive assets that require development capital and which, because of size, stage of

development or other limitations, cannot obtain adequate capital from traditional sources or can do so only at a high cost of capital. ODP seeks operators with extensive experience, a track record of creating value and the ability to source and evaluate acquisition and development opportunities that generate both attractive after-tax yield and medium to long term capital appreciation.

ODP focuses on opportunities with smaller companies, typically those with less than \$100 million in total assets. It intends to build out a portfolio that is diversified by geography, geology and operating partner and which is comprised of onshore oil and gas assets located principally within the continental United States. ODP focuses its development drilling in proven basins which have demonstrated historic cost effective production. ODP seeks to partner with operating teams with a strong, verifiable track record and whose principal objective is to create value through the acquisition and exploitation of lower risk oil and gas reserves, and the implementation of lower risk drilling opportunities. ODP's operating partners typically are expected to retain an interest in the assets in which ODP invests so as to ensure alignment of interest.

OAIM utilizes value-based investment analyses to evaluate properties on the basis of their potential for both yield and medium to long-term capital appreciation.

ODP expects to mitigate production price risk through hedging the production output of its assets.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

Investing in securities and portfolio companies involves a risk of loss that investors should be prepared to bear. An investment in the Funds involves a significant degree of risk and there can be no assurance that the investment objective of the Funds is achieved. In addition to the speculative nature of such investments, the risks include limited operating history for the Funds, challenges in achieving optimum diversification, dependence on managers to enhance portfolio company values, limitations on withdrawal from the Funds, potential conflicts of interest, non-transferability of interests in the Funds and illiquidity of the Funds' investments. The Funds' risk management cannot entirely eliminate risk.

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

All PE Funds:

Material, Significant or Unusual Risks Applicable to Investment Strategies

Volatility of Financial Markets Can Adversely Affect Fund Returns

Financial markets may be subject to a high level of volatility. Return on a Fund's investments may not be commensurate with the risk of investment in the Fund. Continued volatility could disrupt the investment strategies of the Fund's Underlying Funds, decrease the value of Underlying Funds' portfolios and adversely impact their profitability. The risk management techniques utilized by the Underlying Funds may not provide any assurance that the Fund will not be exposed to a risk of significant investment losses. All such factors would have an adverse impact on the Fund's performance. Investors should not commit money to a Fund unless they have the resources to sustain the loss of their entire investment in the fund.

Highly Competitive Market for Investments Makes Investments Difficult to Consummate

The business of identifying, negotiating, acquiring, monitoring, managing and selling investments is highly competitive and involves a high degree of uncertainty. Underlying Funds, as well as any Fund making direct investments, can be expected to encounter competition from other persons or entities searching for suitable investment transactions, regardless of whether they have similar investment objectives or not, including other private equity firms, institutional investors, private investors and others. The Underlying Funds, or the Underlying Funds and any Fund making direct investments, may compete with each other in identifying and making

investments which may result in an Underlying Fund's being unable to make a desired investment or having to pay a higher price. Thus, there is no assurance that the Underlying Funds or a direct investing Fund will be able to procure investment opportunities to invest their funds effectively and efficiently.

Dependence on Information Provided by Third Parties and Managers Poses Additional Risks

OAIM uses information provided by third party resources in researching investment opportunities for the Funds and their Underlying Funds and investments. OAIM may depend and rely on information provided by the managers of the Underlying Funds, or operators of directly owned assets. The accuracy, completeness and timeliness of fund performance reports, quarterly statements, financial reports and tax returns and other information that OAIM uses and provides to investors, or including information it receives from its sub-adviser, may be dependent in large part on the information provided by such sources.

Also, each of the Funds is dependent on Underlying Fund managers and portfolio companies to provide it with accurate and timely information necessary to compile tax returns. The Funds (and their Underlying Funds) may be unable to complete and distribute tax returns by the federal income tax filing deadline of any given year. Thus, investors may be required to file for an income tax filing extension.

The Funds May Complicate Investors' Tax Reporting Substantially

Investments in the Funds may result in inclusions on the investor's return which may be very complicated. The Funds do not invest to achieve a certain tax outcome. Investments can give rise to phantom income. In addition, taxable and tax exempt investors may not have identical returns on the same amount of dollars invested.

CSO Fund: **Material, Significant or Unusual Risks Applicable to Investment Strategies**

Potential for Loss

An investment in CSO entails a high degree of risk and requires a long term commitment, with no certainty of return and the risk of loss of capital. There can be no assurance that CSO will not incur material or total loss in respect of the capital invested.

Market Risks.

The value of an investment in CSO will go up and down with the prices of the securities in which CSO invests. The prices of securities change in response to many factors, including the historical and prospective performance of the assets, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. In addition, CSO will be trading in securities listed on exchanges and markets outside of the U.S. These exchanges and markets are not regulated by the Securities and Exchange Commission ("SEC"), and therefore may be subject to more risks than similar trading within the domestic markets, such as the risk of exchange controls, expropriations, burdensome taxation and political or diplomatic events. Certain disclosure requirements of these exchanges and markets may be different from those of the U.S.

Economic Conditions

Changes in economic conditions, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, trade relationships, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the business and prospects of CSO. None of these conditions is or will be within the control of the General Partner or Sub-Advisor, and no assurances can be given that the General Partner or Sub- Advisor will anticipate these developments. In addition, the economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy with respect to the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance payments.

Changes in policy with regard to taxation, fiscal and monetary policies and other economic regulations are possible, any of which could have an adverse impact on CSO.

Limited Liquidity of Interests

Partners may redeem Interests only subject to certain conditions described herein. In particular, a Partner must give ninety (90) calendar days' (or such shorter period as permitted by the General Partner in its sole discretion) prior written notice to the General Partner to make a partial or total redemption from CSO, and such redemptions generally are permitted only at the end of each calendar quarter and are subject to the Gate (as hereinafter defined). During such notice period, the Partner's Interest remains at risk and may decrease in value from the date that the redemption notice is made to the General Partner until the effective date of the redemption. The General Partner intends to treat all partners fairly and objectively in the operation of CSO. There is no guarantee, however, that such objectives will be met in all cases as complicated situations may arise due to the interactions among these and other Fund features and market conditions.

There is no independent trading market for the Interests and none is expected to develop. Investment in CSO is highly restricted with significant transfer restrictions. There is little liquidity in an investment in CSO and an investment therein should only be considered as a long-term investment. Interests are not assignable or transferable without the prior written consent of the General Partner, which consent may be given or withheld in its sole discretion. Partners thus may not be able to liquidate their investments in the event of an emergency or for any other reason, and Interests may not be readily accepted as collateral for a loan.

Dependence on Occurrence of Events

The ability to realize a profit on many of CSO's investments will be dependent upon the occurrence (or non-occurrence) of certain events. If an event that the Sub-Advisor is expecting does not occur (or an unexpected event occurs), CSO may sustain a significant loss.

Substantial Fees and Expenses

The expenses to which CSO will be subject could be substantial and will dilute returns realized. The Incentive Allocation may provide an incentive for the Sub-Advisor to cause CSO to make more speculative, higher risk investments than would be the case in the absence of such arrangements. In addition, because the Incentive Allocation is calculated on a basis that includes unrealized appreciation of CSO's assets, such allocation may be greater than if it was based solely on realized gains.

Lack of Asset Diversification

CSO may invest a significant portion of its assets in the securities of a small number of countries, issuers, obligors, guarantors, servicers, loan originators, or underwriters, and may directly or indirectly invest all or most of its assets in a single market sector. The negative impact on CSO of adverse movements in the value of the securities of a single country, issuer, guarantor, or market sector could be considerably greater than if CSO was not permitted to concentrate its investments to such an extent. As a result, CSO may be more susceptible to risks associated with a single asset class or economic, political or regulatory occurrence than a more diversified portfolio might be.

Valuations

Valuations are determined in accordance with the General Partner's Valuation Policy. Valuations will be based on market prices when available. Valuations of some or all of CSO's investments may require input from the Administrator, General Partner, Sub-Advisor or other third parties. Valuations requiring input from the Administrator, General Partner, Sub-Advisor or other third parties may be based on subjective inputs of such entities. CSO will use reasonable efforts to base such inputs on observable market prices and inputs but there can be

no assurances that such information will be readily available. There can be no assurances that investments can be disposed of or liquidated at the valuations established by CSO.

Access Fund
Material, Significant or Unusual Risks Applicable to Investment Strategies

Risks Relating to Access Fund's Investment Program

Risk of Loss. No guarantee or representation is made that the Master Fund's investment program, including, without limitation, the Master Fund's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of OAIM or the Underlying Fund Manager (or investments otherwise made by the investment professionals of the Underlying Fund Manager) are not necessarily indicative of their future performance.

General Economic and Market Conditions. The success of the Master Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Master Fund's investments. Volatility or illiquidity could impair the Master Fund's profitability or result in losses. The Master Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Current Economic Conditions in European Countries. Certain European countries, including Greece, Ireland, Italy, Portugal and Spain, are currently experiencing varying degrees of financial distress. Risks from the debt crisis in Europe could result in a disruption of the financial markets, which could have a detrimental impact on global economic conditions. Recently, contagion fears have expanded to Spain and Italy, and credit spreads widened further in European peripheral countries and European banks. There remains considerable uncertainty as to future developments in the European debt crisis and the impact on global financial markets. A significant deterioration of the European debt crisis could result in material reductions in the value of sovereign debt and other asset classes, disruptions in capital markets, widening of credit spreads, loss of investor confidence in the financial services industry, a slowdown in global economic activity, and other adverse developments that could negatively impact the performance of the Master Fund.

Capital Structure Arbitrage. The success of the Master Fund's capital structure arbitrage strategy depends upon Birch's ability to identify and exploit the relationships between movements in different securities within an issuer's capital structure (including, bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty. There can be no assurance that Birch will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which the Master Fund will seek to invest will reduce the scope for the Master Fund's investment strategies. In the event that the perceived mispricings underlying the Master Fund's positions fail to materialize, these investment strategies could be unsuccessful or result in losses.

Convertible Arbitrage. The success of the Master Fund's convertible arbitrage strategy depends upon Birch's ability to identify convertible securities that appear incorrectly valued relative to their theoretical

value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that Birch will be able to identify convertible arbitrage opportunities or that changes in price differentials will not cause losses. Borrowing and lending against such investments involves substantial risks. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks.

Event-Driven. The success of the Master Fund's event-driven investment strategy depends upon Birch's ability to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as Birch had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Master Fund of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event-driven investing, the results of the Master Fund's operations may be expected to fluctuate from period to period. Accordingly, Shareholders should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Short Selling. The success of the Master Fund's short selling investment strategy depends upon Birch's ability to identify and sell short securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Master Fund of buying those securities to cover the short position. There can be no assurance that the Master Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Master Fund can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Master Fund may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Master Fund secures a "good borrow" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Master Fund to purchase

the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Master Fund.

Relative Value and Market Neutral. The success of the Master Fund's relative value investment strategy (including its market neutral strategy) depends upon the Underlying Fund Manager's ability to identify and exploit perceived inefficiencies in the pricing of securities, financial products, or markets. Identification and exploitation of such inefficiencies involve uncertainty. There can be no assurance that Birch will be able to locate investment opportunities or to exploit pricing inefficiencies in the securities markets. Mispricings, even if correctly identified, may not be corrected by the market, at least within a timeframe over which it is feasible for Birch to maintain a position. Even pure arbitrage positions can result in significant losses if Birch is not able to maintain both sides of the position until expiration/maturity. A reduction in the pricing inefficiency of the markets in which Birch seeks to invest will reduce the scope for the Master Fund's investment strategies. In the event that the perceived mispricings underlying the Master Fund's positions were to fail to converge toward, or were to diverge further from, relationships expected by Birch, the Master Fund may incur losses. Even if the Master Fund's relative value investment strategy is successful, it may result in high portfolio turnover and, consequently, high transaction costs.

Short-Term Market Considerations. Birch's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading-related expenses.

Structured Product Arbitrage. The success of the Master Fund's structured product arbitrage strategy depends upon Birch's ability to identify and exploit the inefficient pricing of portfolio risk and the implicit correlations of time to default with respect to various categories of structured products and derivatives. In the event that the perceived mispricings underlying the Master Fund's positions were incorrect, the Master Fund could incur losses. In addition, the lack of an established, liquid secondary market for some structured products (including CDOs) may make it difficult to realize the perceived value of such securities.

Leverage and Borrowing.

Leverage for Investment Purposes. The use of leverage will allow the Master Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Master Fund's portfolio. The effect of the use of leverage by the Master Fund in a market that moves adversely to its investments could result in substantial losses to the Master Fund, which would be greater than if the Master Fund were not leveraged.

Borrowing for Cash Management Purposes. The Master Fund has the authority to borrow for cash management purposes, such as to satisfy redemption requests. The rates at and terms on which the Master Fund can borrow will affect the operating results of the Master Fund.

Collateral. The instruments and borrowings utilized by the Master Fund to leverage investments may be collateralized by all or a portion of the Master Fund's portfolio. Accordingly, the Master Fund may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure the Master Fund's margin accounts decline in value, the

Master Fund could be subject to a "margin call", pursuant to which the Master Fund must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to the Master Fund can apply essentially discretionary margin, "haircut", financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Master Fund may have similar rights. There can be no assurance that the Master Fund will be able to secure or maintain adequate financing.

Costs. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Master Fund's portfolio.

Lending of Portfolio Securities. The Master Fund may lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Master Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Diversification and Concentration. Birch may select investments that are concentrated in a limited number or types of securities. In addition, the Master Fund's portfolio may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Master Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

Lack of Control. The Master Fund may invest in debt instruments and equity securities of companies that it does not control, which the Master Fund may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which the Master Fund does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Master Fund's interests. In addition, the Master Fund may share control over certain investments with co-investors, which may make it more difficult for the Master Fund to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the Master Fund and the holders' investments therein.

Hedging Transactions. The Master Fund may utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of the Master Fund's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Master Fund's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the Master Fund's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Master Fund's securities; (vii) protect against any increase in the price of any securities the Master Fund anticipates purchasing at a later date; or (viii) act for any other reason that Birch deems appropriate. The Master Fund

will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. Birch may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Discretion of Underlying Fund Manager; New Strategies and Techniques. While Birch will generally seek to employ the representative investment strategies and techniques discussed herein, Birch (subject to the policies and control of the general partner and the offshore fund's board of directors) has considerable discretion in the types of securities the Master Fund may trade and has the right to modify the investment strategies and techniques of the Master Fund without the consent of the investors. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Master Fund. In addition, any new investment strategy or technique developed by the Master Fund may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Master Fund.

Access Fund Risks Related to Methods of Analysis.

Fundamental Analysis. Certain trading decisions made by the Underlying Fund Manager may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Master Fund's trading strategies, the Master Fund may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that Birch misinterprets the meaning of certain data, the Master Fund may incur losses.

Trend Following. Certain trading decisions made by Birch may be based on trend following. Any factor that would lessen the prospect of major trends occurring in the future (such as increased governmental control of, or participation in, the financial markets) may reduce the prospect that a particular trading method or strategy will be profitable in the future. In the past, there have been periods without discernible trends and, presumably, such periods will continue to occur in the future. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability. Further, many managers' trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a position to be taken or liquidated.

Access Fund Risks Related to Specific Sectors and Types of Companies

Micro-, Small- and Medium- Capitalization Companies. Investments in securities of micro and smaller-capitalization companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large cap companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due

to thin trading in the securities of some micro- and small cap companies, an investment in those companies may be illiquid.

Investment and Trading Out of Sector. The Master Fund may trade in regions other than the United States and Europe, including for hedging purposes and/or on an opportunistic basis. Although out-of-sector positions are not expected to represent core positions, the profit or loss from those positions could have a material impact on the Master Fund's performance.

Access Fund Risks Related to Specific Investments.

Debt Securities Generally. Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Interest Rate Risk. Changes in interest rates can affect the value of the Master Fund's investments in fixed-income instruments. Increases in interest rates may cause the value of the Master Fund's debt investments to decline. The Master Fund may experience increased interest rate risk to the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact the Master Fund's portfolio in two ways. First, particular investments may experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that Birch may have constructed for these investments, resulting in a loss to the Master Fund's overall portfolio. In particular, prepayments (at par) may limit the potential upside of many instruments to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Zero-Coupon and Deferred Interest Bonds. Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

High-Yield. Bonds or other fixed-income securities that are "higher yielding" (including non-investment grade) debt securities are generally not exchange traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing. In addition, the Master Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

The Master Fund may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer's obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Corporate Debt. Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, the Master Fund may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (e.g., the principal owed to the Master Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Master Fund may experience substantial losses.

Mezzanine Debt. Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of the Master Fund to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of

senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade instruments. In the event of the insolvency of a portfolio company of the Master Fund or similar event, the Master Fund's debt investment therein will be subject to fraudulent conveyance, subordination and preference laws.

Stressed Debt. Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

Non-Performing Nature of Debt. Certain debt instruments may be nonperforming or in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

Troubled Origination. When financial institutions or other entities that are insolvent or in serious financial difficulty originate debt, the standards by which such instruments were originated, the recourse to the selling institution, or the standards by which such instruments are being serviced or operated may be adversely affected.

Sovereign Debt. Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on the debt it has issued ("Sovereign Debt"), including securities that Birch believes are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of Sovereign Debt in future restructurings, including such issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of non-U.S. exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

Equitable Subordination. Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). If the Master Fund engages in such conduct, the Master Fund may be subject to claims from creditors of an obligor that debt held by the Master Fund should be equitably subordinated.

Repurchase and Reverse Repurchase Agreements. In a reverse repurchase transaction, the Master Fund "buys" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Master Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Master Fund involves certain risks. For example, if the seller of securities to the Master Fund under a reverse

repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Master Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Master Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Master Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Master Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives is subject to change. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. The regulatory and tax environment for derivative instruments in which the Master Fund may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on the Master Fund.

Call Options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether the Master Fund will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

Index Futures. The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, shareholders may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Master Fund also is subject to Birch's ability to correctly predict movements in the direction of the market.

Swaps. Whether the Master Fund's use of swap agreements or swaptions will be successful will depend on Birch's ability to select appropriate transactions for the Master Fund. Swap agreements and options on swap agreements ("swaptions") can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, non-U.S. currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Master Fund's portfolio. Moreover, the Master Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Master Fund will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Master Fund to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Master Fund's ability to terminate swap transactions or to realize amounts to be received under such transactions.

Credit Default Swaps. Credit default swaps can be used to implement the Underlying Fund Manager's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Master Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Master Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Master Fund may also buy credit default protection with respect to a referenced entity if, in Birch's judgment, there is a high likelihood of credit deterioration. In such instance, the Master Fund will pay a premium regardless of whether there is a credit event. The credit default swap market in high-yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment-grade securities, creating the risk that the newer markets will be less liquid, and making it potentially more difficult to exit or enter into a particular transaction.

Futures Contracts. The value of futures contracts depends upon the price of the securities, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Master Fund's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the

limit. This could prevent the Master Fund from promptly liquidating unfavorable positions and subject the Master Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Contracts. Banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which Birch would otherwise recommend, to the possible detriment of the Master Fund. In its forward trading, the Master Fund is subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Master Fund trades. Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Underlying Fund Manager may order trades for the Master Fund in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Master Fund to the risk of loss.

Contracts for Differences. Contracts for differences ("CFDs") are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer's initiative. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the buyer to post additional margin. CFDs also carry counterparty risk, *i.e.*, the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require the buyer to make additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Master Fund's obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Master Fund's financial risk.

Failure to Enter into Offsetting Trade. To the extent the Master Fund invests in a futures contract or option long, unless an offsetting trade is made, the Master Fund would be required to take physical delivery of the commodity underlying the future or option. To the extent Birch fails to enter into such offsetting trade prior to the expiration of the contract, the Master Fund may suffer a loss since neither the Master Fund nor Birch has the operational capacity to accept physical delivery of commodities.

Currencies. A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Master Fund are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Loan Investments. The Master Fund's success in the area of loan investing will depend, in part, on its ability to obtain loans on advantageous terms. In purchasing loans, the Master Fund will compete with a broad spectrum of investors and institutions. Increased competition for, or a diminution in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors.

Leveraged Loans. "Leveraged loans" are loans made to companies with a below investment-grade rating from any nationally recognized rating agency. Such loans may be performing poorly when the Master Fund acquires them. There is no assurance that Birch will correctly evaluate the value of the assets collateralizing such loans or the prospects for distribution on or repayment of such loans. The Master Fund may lose its entire investment or may be required to accept cash, property or securities with a value less than the Master Fund's original investment and/or may be required to accept payment over an extended period of time.

Hung Loans. The term "hung loan" commonly refers to a loan that has been made (or has been committed to be made), and the lender is not able to syndicate the loan on the originally anticipated terms. Hung loans are illiquid and lack readily ascertainable market values; there is no assurance that the price to be paid for hung loans by the Master Fund will reflect a discounted price that should allow the Master Fund to achieve a positive return on such loans or avoid losses. Since the price of the loans to be purchased is expected to continue to be significantly impacted by, in addition to the specific circumstances relating to each loan (*e.g.*, in the case of a loan relating to a leveraged buyout ("LBO"), the financial condition of the target), global and macro-economic conditions (*e.g.*, monetary policy, changes to currency exchange rates, governmental intervention or changes to existing laws, international geopolitical events, *etc.*) as well as other systemic factors, it is possible that loans purchased by the Master Fund will suffer significant impairments in value as a result of events not predicted by the Master Fund. The Master Fund may also face difficulties in disposing or leveraging such loans, or in doing so without incurring losses. The markets in which hung loans are purchased and sold have been volatile and are likely to continue to be volatile in the future.

Bank Loans. Bank loans are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Master Fund to directly enforce its rights with respect to participations. Successful claims by third parties arising from these and other risks will be borne by the Master Fund. As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not

as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high-yield debt market.

Second Lien Loans. The Master Fund may invest in loans that are secured by a second lien on assets. Second lien loans have been a developed market for a relatively short period of time, and there is limited historical data on the performance of second lien loans in adverse economic circumstances. In addition, second lien loan products are subject to intercreditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy that can materially affect recoveries. While there is broad market acceptance of some second lien intercreditor terms, no clear market standard has developed for certain other material intercreditor terms for second lien loan products. This variation in key intercreditor terms may result in dissimilar recoveries across otherwise similarly situated second lien loans in insolvency or distressed situations. While uncertainty of recovery in an insolvency or distressed situation is inherent in all debt instruments, second lien loan products carry more risks than certain other debt products. Beginning in August 2007, the market for many loan products, including second lien loans, contracted significantly which made virtually all leveraged loan products, particularly second lien loan products, less liquid or illiquid. Many participants ceased underwriting and purchasing certain second lien loan products. There can be no assurance that the market for second lien loans will not contract further.

Bridge Loans. It is a common practice for financial institutions to commit to providing bridge loans to facilitate acquisitions, including LBOs, where they serve as advisers to the purchaser. Bridge loans are frequently made because, for timing or market reasons, longer term financing is not available at the time the funds are needed, which is often at the time of the closing of an acquisition. In the past, these commitments were not frequently drawn upon due to the availability of other sources of financing; however, due to market conditions affecting the availability of these other sources of financing (principally high-yield bond transactions), bridge loan commitments have been and may be drawn upon more regularly. Since these commitments were not regularly drawn upon in the past, there is little history for investors to rely upon in evaluating investments in bridge loans. Bridge loans often have shorter maturities. Borrower and lenders typically agree to shorter maturities based on the anticipation that the bridge loans will be replaced with other forms of financing within such shorter time period. However, the source and timing of such replacement financing may be uncertain and can be affected by, among other things, market conditions and the financial condition of the borrower at the maturity date of the bridge. If the borrower is unable to obtain replacement financing and repay the bridge loan at maturity, the terms of the bridge loan may provide for the bridge loan to be converted to a longer term loan. If bridge loans are not repaid (or cannot be disposed of on favorable terms) on the dates projected by Birch, there may be an adverse effect upon the ability of Birch to manage the assets of the Master Fund in accordance with its models and projections or an adverse effect upon the Master Fund's performance and ability to make distributions.

Debtor-in-Possession ("DIP") Loans. Loans to companies that have filed for protection under Chapter 11 of the U.S. Bankruptcy Code, as amended, are most often asset-based, revolving working-capital facilities put into place at the outset of a Chapter 11 case to provide the debtor with both immediate cash and the ongoing working capital that will be required during the reorganization process. While such loans are generally less risky than many other types of loans as a result of their seniority in the debtor's capital structure and because their terms have been approved by a federal bankruptcy court order, it is possible that the debtor's reorganization efforts may fail and the proceeds of the ensuing liquidation of the DIP lender's collateral might be insufficient to repay in full the DIP loan.

Fraud. Of paramount concern in loan investments is the possibility of material misrepresentation or omission on the part of the borrower or loan seller. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Master Fund to perfect or effectuate a lien on the collateral securing the loan. The Master Fund will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Master Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Bankruptcy Claims. Bankruptcy claims, which are amounts owed to creditors of companies that are debtors in pending bankruptcy cases, typically are illiquid and generally do not pay interest. The markets in U.S. bankruptcy claims are generally not regulated by U.S. federal securities laws or the SEC. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, the debt of companies in financial reorganization may be adversely affected by an erosion of the issuer's fundamental values. Accordingly, there can be no guarantee that the debtor will ever be able to satisfy the obligation on a bankruptcy claim. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to appear and be heard, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Master Fund. Furthermore, there are instances where creditors lose their priority or are recharacterized as equity if, for example, they have exercised excessive control management or engaged in misconduct that harms other creditors. In those cases where the Master Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the Master Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Master Fund. Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Master Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Master Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

The Master Fund intends to invest some of its assets in securities of issuers domiciled, or assets located, globally. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. Birch, on behalf of the Master Fund, may elect to serve on creditors' committees, equityholders' committees or other groups to ensure preservation or enhancement of the Master Fund's positions as a creditor or equityholder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. Birch may resign from that

committee or group for any reason, including, for example, if Birch concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Master Fund. In such case, the Master Fund may not realize the benefits, if any, of participation on the committee or group. In addition, if the Master Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

The Master Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser. Additionally, the claim may be disallowed or subordinated if the bankruptcy court determines that the seller engaged in inequitable conduct that harmed other creditors. Reorganizations can be contentious and adversarial, and it is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Master Fund.

ABS and MBS Generally. The investment characteristics of ABS and MBS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

ABS and MBS Subordinated Securities. Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of MBS and ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

Commercial MBS. Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default. Most commercial mortgage loans underlying MBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related MBS. Revenues from the assets underlying such MBS may be retained by the borrower and the return on investment may be used to make payments

to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court-appointed receiver to control collateral cash flow.

ABS. ABS are not secured by an interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor. The collateral supporting ABS is of shorter maturity than certain other types of loans and is less likely to experience substantial prepayments. ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

RMBS. Holders of RMBS bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one to four family residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and the securities issued are guaranteed. The rate of defaults and losses on residential mortgage loans may be affected by a number of factors, including general economic conditions and those in the geographic area where the mortgaged property is located, the terms of the mortgage loan, the borrower's "equity" in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Investments in RMBS may experience losses or reduced yield if, for example, (i) the borrower of an underlying residential mortgage loan defaults or is unable to make payments, (ii) the underlying residential mortgage loans are prepaid, (iii) there is a general decline in the housing market, or (iv) violations of particular provisions of certain federal laws by an issuer of RMBS limit the ability of the issuer to collect all or part of the principal of or interest on the related underlying loans.

Collateralized Obligations Generally. There are a variety of different types of CLO and CDO securities. CLOs/CDOs are subject to credit, liquidity and interest rate risks, which are each discussed in greater detail above. The CLO/CDO equity may be unrated or non-investment grade. As a holder of CLO/CDO equity, the Master Fund will have limited remedies available upon the default of the CLO/CDO. The Master Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objective or fully invest its committed capital. For example, from time to time, the market for CLO/CDO transactions has been adversely affected by a decrease in the availability of senior and subordinated

financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. CLOs/CDOs often invest in concentrated portfolios of assets. The concentration of an underlying portfolio in any one obligor would subject the related CLOs/CDOs to a greater degree of risk with respect to defaults by such obligor and the concentration of a portfolio in any one industry would subject the related CLOs/CDOs to a greater degree of risk with respect to economic downturns relating to such industry. The value of CLOs/CDOs generally fluctuates with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CLO/CDO ("CLO/CDO Collateral"), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CLOs/CDOs must rely solely on distributions on the CLO/CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CLO/CDO Collateral are insufficient to make payments on the CLOs/CDOs, no other assets will be available for payment of the deficiency and following realization of the CLOs/CDOs, the obligations of such issuer to pay such deficiency generally will be extinguished. CLO/CDO Collateral may consist of high-yield debt securities, loans, asset-backed securities and other securities, which often are rated below investment grade (or of equivalent credit quality). High-yield debt securities generally are unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The lower ratings of high-yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative. Also, the "Volcker Rule" contained in the Dodd-Frank Act (which became effective on July 21, 2012 and imposes limitations on the ability of banking entities and their affiliates to invest in private investment funds such as CLO/CDO issuers) may have a substantial negative impact on the liquidity and value of CLOs/CDOs. No prediction can be made on whether the Volcker Rule will be modified by legislation, rule or regulation following its effective date or the impact of any such modifications on the liquidity of CLOs/CDOs purchased by the Master Fund. Furthermore, no assurance can be made that the United States federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action in response to the economic crisis or otherwise, and the effect of such actions on the liquidity and value of CLOs/CDOs, if any, cannot be known or predicted.

Subordination of CLO/CDO Debt and CLO/CDO Equity. Subordinate CLO/CDO debt generally is fully subordinated to the related CLO/CDO senior tranches. CLO/CDO equity generally is fully subordinated to any related CLO/CDO debt and is not secured by any collateral. Distributions to holders of CLO/CDO equity will generally be made solely from distributions on the assets of the CLO/CDO issuer after all other payments have been made pursuant to the priority of payments of such CLO/CDO. To the extent that any losses are incurred by a CLO/CDO in respect of its related CLO/CDO Collateral, such losses will be borne first by the holders of the related CLO/CDO equity, next by the holders of any related subordinated CLO/CDO debt and finally by the holders of the related CLO/CDO senior tranches. In addition, if an event of default occurs under the governing instrument or underlying investment, as long as any CLO/CDO senior tranches are outstanding, the holders thereof generally will be entitled to determine the remedies to be exercised under the instrument governing the CLO/CDO. Remedies pursued by such holders could be adverse to the interests of the holders of any related subordinated CLO/CDO debt and/or the holders of the related CLO/CDO equity, as applicable. Subordinate CLO/CDO debt and CLO/CDO equity represent leveraged investments in the assets of the CLO/CDO. Therefore, the leveraged nature of such securities may magnify the adverse impact on the market value of such securities caused by changes affecting the assets underlying such securities, including, without limitation, changes in the market value of such assets, changes in distributions on such assets, defaults and recoveries, capital gains and losses on such assets, prepayments and the availability, prices and interest rates of such assets. Accordingly,

subordinate CLO/CDO debt and CLO/CDO equity may not be paid in full and may be subject to up to 100% loss.

Control by Senior CLO/CDO Debt. In a typical CLO/CDO, the most senior CLO/CDO debt (the "Controlling Class") will control many rights under the CLO/CDO indenture and therefore, holders of subordinate CLO/CDO debt and CLO/CDO equity will have limited rights in connection with an event of default or distributions thereunder. Remedies pursued by the holders of the Controlling Class upon an event of default could be adverse to the interests of the holders of subordinate CLO/CDO debt and CLO/CDO equity. If an event of default has occurred and is continuing, the holders of CLO/CDO equity will not have any creditors' rights against the CLO/CDO issuer and will not have the right to determine the remedies to be exercised under the CLO/CDO indenture. There is no guarantee that any funds will remain to make distributions to the holders of subordinate CLO/CDO debt and CLO/CDO equity following any liquidation of the CLO/CDO assets and the application of the proceeds from the CLO/CDO assets to pay senior classes of CLO/CDO debt and the fees, expenses, and other liabilities payable by the CLO/CDO issuer. The Controlling Class may also have consent rights in respect of amendments and CLO/CDO manager removal rights in connection with certain events.

Mandatory Redemption of CLO/CDO Senior Tranches and CLO/CDO Debt. Under certain circumstances, cash flows from CLO/CDO Collateral that otherwise would have been paid to the holders of any related CLO/CDO debt and the related CLO/CDO equity will be used to redeem the related CLO/CDO senior tranches. This could result in an elimination, deferral or reduction in the interest payments, principal repayments or other payments made to the holders of such CLO/CDO debt or such CLO/CDO equity, which could adversely impact the returns to the holders of such CLO/CDO debt or such CLO/CDO equity.

Optional Redemption of CLO/CDO Senior Tranches and CLO/CDO Debt. An optional redemption of a CLO/CDO could require the collateral or portfolio manager of the related CLO/CDO to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the items of CLO/CDO Collateral sold (and which in turn could adversely impact the holders of any related CLO/CDO debt, and/or the holders of the related CLO/CDO equity).

Future actions of any rating agency can adversely affect the market value or liquidity of CLOs/CDOs. Rating agencies rating a CLO/CDO may change their published ratings criteria or methodologies for CLOs/CDOs at any time in the future. Further, such rating agencies may retroactively apply any such new standards to the ratings of the CLO/CDO securities purchased by the Master Fund. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any such CLO/CDO security, despite the fact that such CLO/CDO security might still be performing fully to the specifications set forth for such CLO/CDO security in the related transaction documents. The rating assigned to any CLO/CDO may also be lowered following the occurrence of an event or circumstance despite the fact that the related rating agency previously provided confirmation that such occurrence would not result in the rating of such CLO/CDO being lowered. Additionally, any rating agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any class of CLO/CDO security. If any rating initially assigned to any CLO/CDO security is subsequently lowered or withdrawn for any reason, holders of such security may not be able to resell their security without a substantial discount. Any reduction or withdrawal to the ratings on any class of CLO/CDO security may significantly reduce the liquidity thereof and may adversely affect the CLO/CDO issuer's ability to make certain changes to the composition of the CLO/CDO assets since the CLO's/CDO's indenture may contain restrictions on portfolio modifications that are tied to the ratings on the CLO's/CDO's securities.

A rating agency may also revise or withdraw its ratings of a CLO/CDO security as a result of a failure by the issuer or the manager of such CLO/CDO to provide it with information requested by such rating agency or comply with any of its obligations contained in the engagement letter with such rating agency, including the posting of information provided to the rating agency on a website that is accessible by rating agencies that were not hired in connection with the issuance of the CLO/CDO securities as required by law. In addition, a CLO/CDO security may receive an unsolicited rating, which may have an adverse effect on the liquidity or the market price of such CLO/CDO security. Any such revision or withdrawal of a rating as a result of such a failure might adversely affect the liquidity and value of the CLO/CDO security.

Structured Notes. Structured notes, variable rate mortgage-backed and asset backed securities each have rates of interest that vary based on a designated floating rate formula or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. The movements in specific indices or interest rates may be difficult or impossible to hedge.

When-Issued and Forward Commitment Securities. The purchase of securities on a "when-issued" basis involves a commitment by the Master Fund to purchase or sell securities at a future date (typically one or two months later). No income accrues on securities that have been purchased on a when-issued basis prior to delivery to the Master Fund. When-issued securities may be sold prior to the settlement date. If the Master Fund disposes of the right to acquire a when-issued security prior to its acquisition, it may incur a gain or loss. In addition, there is a risk that securities purchased on a when-issued basis may not be delivered to the Master Fund. In such cases, the Master Fund may incur a loss.

Distressed Obligations. The obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems (including companies involved in bankruptcy or other reorganization and liquidation proceedings) are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the risk that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Master Fund's investments in any security. Obligations in which the Master Fund invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the value of the assets collateralizing the Master Fund's investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which the Master Fund invests, the Master Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Master Fund's investments may not compensate the Shareholders adequately for the risks assumed. In addition, under certain circumstances, payments and distributions may be disorged if any such payment is later determined to have been a fraudulent conveyance or a preferential

payment. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Master Fund of the security in respect to which such distribution was made.

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

Preferred Stock. Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

PIPE Transactions. Private investments in public companies whose stocks are quoted on stock exchanges or which trade in the over-the-counter securities market, a type of investment commonly referred to as a "PIPE" transaction, may be entered into with smaller capitalization public companies, which will entail business and financial risks comparable to those of investments in the publicly issued securities of smaller capitalization companies, which may be less likely to be able to weather business or cyclical downturns than larger companies and are more likely to be substantially hurt by the loss of a few key personnel. In addition, PIPE transactions will generally result in the Master Fund acquiring either restricted stock or an instrument convertible into restricted stock. As with investments in other types of restricted securities, such an investment may be illiquid. The Master Fund's ability to dispose of securities acquired in PIPE transactions may depend on the registration of such securities for resale. Any number of factors may prevent or delay a proposed registration. Alternatively, it may be possible for securities acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act, or otherwise under the U.S. federal securities laws. There can be no guarantee that there will be an active or liquid market for the stock of any small capitalization company due to the possible small number of stockholders. As a result, even if the Master Fund is able to have securities acquired in a PIPE transaction registered or sell such securities through an exempt transaction, the Master Fund may not be able to sell all the securities on short notice, and the sale of the securities could lower the market price of the securities. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could hurt the market value of the Master Fund's investments.

Convertible Securities. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the

Master Fund is called for redemption, the Master Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Master Fund's ability to achieve its investment objective.

Illiquid Securities. Certain securities may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such securities. Valuation of such securities may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the Master Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Master Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the Master Fund may be required to hold such securities despite adverse price movements. Even those markets which Birch expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Restricted Securities. Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (*e.g.*, under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid by the Master Fund. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

Undervalued Securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Master Fund's investments may not adequately compensate for the business and financial risks assumed.

Unlisted Securities. Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

American Depositary Receipts and Global Depositary Receipts. American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary

receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale of disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Master Fund's portfolio.

Access Fund Risks Related to Non-U.S. Investments and Non-U.S. Jurisdictions.

Non-U.S. Exchanges. The Master Fund may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

Non-U.S. Investments. Investing in the securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Master Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Master Fund may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the Master Fund's rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to the

Master Fund under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non- U.S. counterparties.

OPEI and OPEI Offshore:
Material, Significant or Unusual Risks Relating to Investment Strategies

General Risk

OPEI is currently fully invested in, or committed to, its portfolio. The investment strategy used to screen a prospective underlying private equity fund's investment manager included using a number of criteria, including the length and consistency of the corresponding underlying private equity fund's track record, its total assets under management, the volatility of returns of the underlying private equity fund, the size and frequency of withdrawals, the depth and experience of the investment manager's investment personnel, the stability of management team and the overall structure of its business.

Despite this screening process, as well as ongoing monitoring of both the underlying private equity funds and its investment managers, the risks exist that (a) the investment program for which the investment manager is selected is not followed, (b) the investment program will not be successful or (c) the information or assumptions used in making investment decisions, including analysis of the overall risk profile of the underlying private equity funds, may be incorrect.

Special Risks of Fund of Funds Structure

Risks presented in a fund of funds structure include: (i) a lack of transparency of the Underlying Fund's day-to-day positions and portfolio construction; (ii) a lack of liquidity due to the investor's ability to redeem interests only periodically, if at all, with notice, as well as the potential that the Underlying Fund's securities positions may themselves have similar restrictions and may be invested in illiquid assets; (iii) the risk that the investment managers of the Underlying Funds could diverge from the objectives and investments strategies stated in their private placement memoranda or otherwise engage in improper conduct; and (iv) the economic risks associated with multiple layers of expense between the Underlying Fund and OPEI.

No Role in Management

OPEI will not have a role in the management of either the Underlying Funds or the portfolio companies of the Underlying Funds. Further, OPEI will not have the opportunity to evaluate the specific investments made by any Underlying Fund. As a result, the rates of return of OPEI will primarily depend upon the performance of unrelated investment managers and could be adversely affected by the unfavorable performance of one or more Underlying Funds or portfolio companies. Furthermore, OPEI's investments in Underlying Funds will not be significant enough to afford OPEI blocking rights with respect to certain actions of the Underlying Funds and amendments to the Underlying Fund's operating documents.

Non-U.S. Investments

OPEI may invest in Underlying Funds which have portfolio companies domiciled or operating in one or more foreign countries. Investing in non-U.S. companies involves considerations and possible risks and expenses not typically involved in investing in securities of companies domiciled and operating in the United States. The application of foreign tax laws, including the imposition of withholding taxes on dividend or interest payments, or confiscatory taxation may also affect investment in foreign securities. Foreign securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. If the Underlying Fund's investment are denominated in a foreign currency, they will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

OPECO and OPECO Offshore:
Material, Significant or Unusual Risks Relating to Investment Strategies

Lack of Significant Diversification

OPECO is currently fully invested in, or committed to, its portfolio. OPECO may invest in companies that do not represent a diverse portfolio of investments either in terms of geographic region or industry. Accordingly, OPECO may be substantially adversely affected by a downturn in economic conditions affecting a specific geographic region or industry. OPECO has a limited number of investments. As a consequence, the aggregate return of OPECO may be substantially adversely affected by the unfavorable performance of even a single portfolio company.

Portfolio Companies Can Involve a High Degree of Business and Financial Risk

OPECO's portfolio companies may involve a high degree of business and financial risk. They may not have a proven operating history, may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition.

OPECO may have investments in industries that are or may become subject to regulation under the laws of any one or more jurisdictions in which they operate. New and existing regulations and the burdens of regulatory compliance may have a material adverse effect on companies that operate in these industries.

In addition, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel.

Portfolio Company Leverage Can Lead to Adverse Results

OPECO's portfolio companies may be highly leveraged, which can lead to adverse consequences to the portfolio company and OPECO as an investor. The leverage may impose restrictive financial and operating covenants. The leverage may impair the company's ability to finance its future operations and capital needs. As a result, the company's flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

Additional Capital May Not Be Available for Portfolio Companies

OPECO's portfolio companies may require additional financing to satisfy their working capital requirements or growth goals. The amount of additional financing needed will depend on the maturity and objectives of the particular company. The availability of capital is generally a function of capital market conditions that are beyond OPECO's or the portfolio company's control. There can be no assurance that the portfolio companies will be able to predict the future capital requirements necessary for success or that additional funds will be available on reasonable terms from any source.

Minority Positions May Potentially Have Control Liability

While OPECO's investments in a portfolio company are generally a minority position, its investments may be considered a control position in the portfolio company. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and

employees, violation of laws and other potential liabilities. If OPECO experiences control liability it could materially and adversely affect OPECO's performance.

Control of Portfolio Investments by Lead Investor Funds May Adversely Impact OPECO's Rights

As a non-controlling co-investor in a particular company (whether a Lead Investor Fund or other partner a "Lead Investor"), OPECO may be required to cede voting rights or other rights to the Lead Investor. A Lead Investor will often require its co-investors (including OPECO) to grant the Lead Investor a proxy over the securities of that company acquired by co-investors pursuant to co-investment rights, to ensure that the co-investment securities are voted together with the Lead Investor securities in that company. Co-investors such as OPECO are also often required to be subject to "drag along" rights, requiring OPECO to sell its interest in a portfolio company when the Lead Investor sells its interest. While OAIM intends to use commercially reasonable efforts to avoid such contractual restrictions, such restrictions are customary and no assurances can be given that OPECO will have the power to vote, or control the timing of a disposition of, its portfolio securities.

No Role in Management of Portfolio Companies

OPECO may not have any role in or control over the management of the portfolio companies. As a result, the aggregate return of OPECO will primarily depend upon the performance of the management teams of the portfolio companies, which management teams are not affiliated with OAIM or OPECO, and could be adversely affected by the unfavorable performance of one or more such management teams.

Projections May Not Be Reliable or Predictive of Actual Future Results

OPECO will rely upon projections, forecasts or estimates relating to investment decisions in a particular portfolio company. Projections, forecasts and estimates are forward looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond OPECO's control and may differ significantly from those assumed. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results will not be materially lower than estimated. Projected operating results of a company in which OPECO invests normally will be based primarily on financial projections prepared by each portfolio company's management and subject to numerous factors outside OPECO's control (or even the control of a Lead Investor). Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Restricted Nature of Investment Positions

All or a substantial portion of OPECO's investments will consist of securities that are subject to restrictions on sale by OPECO because they were acquired from the issuer in "private placement" transactions and are expected to be subject to contractual restrictions and conditions on transfer. Generally, OPECO will not be able to sell such securities publicly without the expense and time required to register the securities under the Securities Act of 1933, as amended (the "Securities Act"), or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit only limited sales under specified conditions. If restricted securities are sold to the public, OPECO may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purpose of the Securities Act and be subject to liability as such under that Act. In addition, practical limitations may inhibit OPECO's ability to liquidate an investment in a portfolio company if the portfolio company is privately held and OPECO owns a relatively large percentage of the portfolio company's equity securities. Sales may also be limited by market conditions, which may be unfavorable for the sale of securities of particular issuers or issuers in particular industries. The above limitations on liquidity of OPECO's investments could prevent a successful sale of securities, result in the delay of any sale, or reduce the amount of proceeds that might be realized from such sale.

OGR PE and OGR PE Offshore:
Material, Significant or Unusual Risks Relating to Investment Strategies

Special Risks of Fund-of-Funds Structure

OGR PE has used a number of factors to screen a prospective Underlying Fund's investment manager, including the length and consistency of the corresponding Underlying Fund's track record, its total assets under management, the volatility of returns of the Underlying Fund, the size and frequency of withdrawals, the depth and experience of the Underlying Funds' investment managers, the stability of management team and the overall structure of its business.

Despite this screening process, and despite ongoing monitoring of both the Underlying Funds and its investment managers, the risks exist that (a) the investment program for which the Underlying Funds' investment managers are selected is not followed, (b) the investment program will not be successful or (c) the information or assumptions used in making investment decisions on behalf of OGR PE, including analysis of the overall risk profile of the Underlying Funds, may be incorrect.

Furthermore, since OGR PE may make investments in Underlying Funds only at certain times pursuant to limitations set forth in the governing documents of the Underlying Funds, OGR PE may have to invest some of its assets temporarily in money market securities.

Special Risks of Direct Investing in Private Companies

While OGR PE is primarily a fund-of-private equity funds and as such has invested primarily in Underlying Funds, OGR PE has also invested directly in joint ventures and other direct investments within its investment strategy. This entails the following risks:

Lack of Significant Diversification

OGR PE's strategy of concentrating its Direct PE Investments in companies involved in Natural Resource and Related Assets closely ties its performance to the performance of a particular market segment. A downturn in energy and natural resource companies would have a larger impact on OGR PE than on other investment vehicles that do not concentrate on such companies or which are more diversified. Although OGR PE will seek to invest in a diversified portfolio of investments, OGR PE is not obligated to invest (i) in any set number of Underlying Funds or Direct PE Investments, (ii) in Underlying Funds which utilize particular investment strategies, or (iii) in Underlying Funds or Direct PE Investments which are focused on a variety of different markets or sectors. Each Underlying Fund is likely to concentrate its investments in a limited number of companies or investments and in a limited number of market segments. Furthermore, one or more Underlying Funds and OGR PE may invest collectively in the same security. The aggregate returns realized by investors may be adversely impacted by the unfavorable performance of a small number of such investments.

Borrowing and Leverage

OGR PE may incur indebtedness for the purpose of providing interim financing as a bridge to receipt of called capital. No assurance can be given that OGR PE will be able to borrow on terms acceptable to it. OGR PE's direct and indirect portfolio companies are not restricted by OGR PE in their authorization to incur leverage and may have need for capital. Such capital may not be available on terms that are favorable to investors in the portfolio company. In addition, OGR PE is not generally in a position to control leverage at the portfolio company level and such portfolio companies may become overleveraged.

Control Positions

OGR PE may have controlling positions in Direct PE Investments. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management

and employees, violation of laws and other potential liabilities. If OGR PE Fund experiences control liability, it could materially and adversely affect OGR PE's performance.

No Role by Funds or Investors in Management

OGR PE will not have a role in the management of any Direct PE Investment. The Fund's investments in any Direct PE Investments may not be significant enough to afford the Fund blocking rights with respect to certain actions of any such Direct PE Investments and amendments to such Direct PE Investment's operating documents. OGR PE therefore will be dependent upon the management of the Direct PE Investments, and, to a limited degree, the other investors in the Direct PE Investments, with respect to such actions and amendments.

ODP: **Material, Significant or Unusual Risks Relating to Investment Strategies**

Minority Interest in Wells Give ODP No Control

ODP may hold less than a 50% working interest in a well or property. When it acquires a minority interest in a well, ODP will not control the selection of the operator or have the ability to direct operations under the terms of the applicable operating agreement. As a result, ODP may have limited ability to exercise influence over the operations of the wells. Without operating control, ODP will not be able to control the timing of exploration or development efforts, the costs associated with exploration and development efforts, or the rate of production of such wells. ODP's inability to control the operations of the wells may adversely affect the production of such wells and, consequently, negatively affect the investment results of ODP.

Reliance On Third-Party Operators

ODP expects that third parties will be the operators of its oil and gas wells. ODP's limited ability to appoint an operator and to exercise control and influence over the operations of such wells may adversely affect the returns for such wells and, consequently, the investment results of ODP. Factors affecting both the timing and the success of development activities may, as a result of ODP's reliance on third-party operators, be largely outside of ODP's control. These factors include, but are not limited to, the following:

- the timing and amount of capital expenditures;
- the expertise and financial resources of the operator;
- the efficiency and completeness of the due diligence investigation of the operator by the party choosing the operator;
- completeness of the independent investigation and evaluation of the wells by the third-party operator and any representatives, consultants or advisors engaged by such operator;
- the sufficiency of the advice of the third-party operator's legal, tax, economic, environmental, engineering, geological and geophysical advisors regarding the wells including, without limitation: (i) potential production rates, possible recompletion opportunities, applicable decline rates, relevant gas balancing information or the quality, quantity or volume of the reserves of hydrocarbons, if any, attributable to, or that may be possible to obtain from development of, the wells; (ii) the accuracy, completeness or materiality of any information, records, data or other materials (written or oral) now, heretofore or hereafter furnished to ODP by or on behalf of such operator; (iii) the environmental condition of the assets; and (iv) the condition, or suitability for the purposes intended, of any personal property, equipment, inventory, machinery and fixtures constituting a part of a Portfolio Investment and identified by the operator; and
- the rate of production of reserves, if any.

Despite ODP's due diligence process, there is a risk that ODP may contract with third parties with unsatisfactory environmental, health or safety records, or that such contractors may be unwilling or unable to cover any losses associated with their acts or omissions. Accordingly, ODP could be held liable for all costs and liabilities

arising out of the acts or omissions of the operator and its contractors. This could have a material adverse effect on ODP's results of operations and financial condition.

Participating General Partners Have Enhanced Liability for which Insurance May be Inadequate

Investors in ODP must elect in their Subscription Agreement whether to be a "participating general partner" ("PGP") in certain oil and gas assets in which ODP invests. PGP status positions the investor for favorable tax benefits under the current Internal Revenue Code. However, PGPs are at risk for liabilities from operations of ODP's assets which are in excess of insurance coverages obtained by ODP. While PGPs are indemnified by ODP for such risk, there can be no assurances that insurance, which is an ODP expense, will be available in adequate coverage amounts and/or at acceptable pricing or that ODP assets, which are generally illiquid in nature, will be a sufficient source of funds for such indemnity. Therefore, there are no assurances that PGPs will not suffer losses by reason of their status as PGPs.

Borrowing and Leverage

ODP's direct and indirect portfolio assets may be leveraged as collateral for borrowings used to fund purchase of price hedges or development costs. Companies operating oil and gas production assets are not restricted by ODP in their authorization to incur leverage and may have need for capital. Such capital may not be available on terms that are favorable to investors in ODP. In addition, ODP may not be in a position to control such leverage and portfolio assets may become overleveraged.

Hedging Risks

ODP expects to enter into hedging contracts, either itself or indirectly through investing entities owned by ODP, which are designed to hedge against fluctuation in oil and gas prices in the market. The market prices for oil and gas are volatile and such volatility can be extreme. There can be no guarantees that hedging contracts will be available at acceptable costs which mitigate the risk of such market volatility.

C. Material Risks Involving Specific Investments Recommended

CSO Fund:

Material Risks Involving Specific Investments Recommended

Capital Structure Arbitrage

The success of the Master Fund's capital structure arbitrage strategy depends upon the Sub-Advisor's ability to identify and exploit the relationships between movements in different securities within an issuer's capital structure (including, bank debt, convertible and nonconvertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty. There can be no assurance that the Sub-Advisor will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which the Master Fund will seek to invest will reduce the scope for the Master Fund's investment strategies. In the event that the perceived mispricings underlying the Master Fund's positions fail to materialize, these investment strategies could be unsuccessful or result in losses.

Convertible Arbitrage

The success of the Master Fund's convertible arbitrage strategy depends upon the Sub-Advisor's ability to identify convertible securities that appear incorrectly valued relative to their theoretical value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that the Sub-Advisor will be able to identify convertible arbitrage opportunities or that changes in price differentials will not cause losses. Borrowing

and lending against such investments involves substantial risks. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks.

Event-Driven

The success of the Master Fund's event-driven investment strategy depends upon the Sub-Advisor's ability to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result.

Structured Product Arbitrage

The success of the Master Fund's structured product arbitrage strategy depends upon the Sub-Advisor's ability to identify and exploit the inefficient pricing of portfolio risk and the implicit correlations of time to default with respect to various categories of structured products and derivatives. In the event that the perceived mispricings underlying the Master Fund's positions were incorrect, the Master Fund could incur losses. In addition, the lack of an established, liquid secondary market for some structured products (including CDOs) may make it difficult to realize the perceived value of such securities.

Short Selling

The success of the Master Fund's short selling investment strategy depends upon the Sub-Advisor's ability to identify and sell short securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Master Fund of buying those securities to cover the short position. There can be no assurance that the Master Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Master Fund can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Master Fund may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Master Fund secures a "good borrow" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Master Fund to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Master Fund.

Stock Index Options Trading

The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether the Master Fund will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

Leverage

The use of leverage will allow the Master Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Master Fund's portfolio. The effect of the use of leverage by the Master Fund in a market that moves adversely to its investments could result in substantial losses to the Master Fund, which would be greater than if the Master Fund were not leveraged.

OPEI and OPEI Offshore: **Material Risks Involving Specific Investments Recommended**

Risks presented by investing in Underlying Funds such as those in which OPEI invests include:

Limited Liquidity

OPEI may have limited rights pursuant to which it may redeem, transfer or otherwise liquidate its investments in its Underlying Funds. Such Underlying Funds generally have terms and conditions which offer no right to OPEI to redeem its interest and that allow the Underlying Fund to make distributions in-kind under certain circumstances. The ability of OPEI to distribute proceeds from realized investments to its investors may be adversely affected by the inability of OPEI to redeem its interest in an Underlying Fund or by the decision by an Underlying Fund to make distributions in kind. Any such distribution in kind may result in OPEI receiving securities that are illiquid or difficult to value. In these circumstances, OAIM would likely intend to dispose of the securities and would do so in a manner that is in the best interests of OPEI.

Multiple Levels of Fees and Expenses

An investor who meets the applicable eligibility requirements could invest directly in OPEI's Underlying Fund. By investing in Underlying Funds indirectly through OPEI, an investor bears asset-based fees and performance-based allocations assessed by both OPEI and the Underlying Funds. In addition, the investor bears a proportionate share of the other fees and expenses of OPEI (including operating costs, distribution expenses and administrative fees) and, indirectly, similar fees and expenses of the Underlying Funds.

Each of OPEI's Underlying Funds has an investment manager that generally also receives a carried interest to which it is entitled irrespective of the performance of the other Underlying Funds and of OPEI generally. Accordingly, an Underlying Fund's investment manager with positive performance may receive carry from OPEI, and thus indirectly from investors, even if OPEI's overall investment return is negative.

Duplicative Transaction Costs

Investment decisions of the Underlying Funds are made by its investment managers entirely independently of other Underlying Funds. As a result, at any particular time, one Underlying Fund may be purchasing shares of an issuer whose shares are being sold by another Underlying Fund. Consequently, OPEI could directly or indirectly incur certain transaction costs without accomplishing any net investment result.

Transparency; Valuation of Underlying Funds

Market prices are not readily available for most Underlying Funds in which OPEI invests. OPEI's valuation procedures provide that the value of its investments in Underlying Fund ordinarily will be the value determined in accordance with the underlying investment vehicle's valuation policies and provided to OPEI. The Underlying Funds generally do not provide details, on a day-to-day basis or otherwise, with respect to the underlying portfolio securities in which they invest. Although OAIM will review the valuation procedures used by the Underlying Funds, OAIM will have little or no means of independently verifying valuations provided by such

Underlying Funds. For OPEI's investment in the Underlying Funds, it receives a Net Asset Value Capital Statement each quarter which are used to value these investments. In the case of direct investments, OAIM determines fair valuation after consultation with a third party independent consultant.

Control over Investment Managers

Although OPEI is invested in Underlying Funds that OAIM believes will be managed in a manner consistent with their stated investment objectives and strategies, there can be no assurance that the Underlying Fund's investment managers will not diverge from such objectives and strategies or otherwise engage in improper conduct.

In addition to the foregoing risk factors, the individual Underlying Funds will pursue a variety of investment strategies and invest in a variety of industries, each of which has its own unique risks. The individual portfolio securities in which such Underlying Funds invest also have their own risks. This disclosure does not purport to describe the risks of the strategies used by such Underlying Funds or the risks of their underlying securities.

OPECO and OPECO Offshore: **Material Risks Involving Specific Investments Recommended**

Risks presented by investing in underlying funds, portfolio companies and direct assets such as those in which OPECO invests, include:

Portfolio Companies

Portfolio companies may involve a high degree of business and financial risk. These companies may not have a proven operating history, may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition.

Portfolio companies also may be highly leveraged. Leverage may have important adverse consequences to a portfolio company and OPECO as an investor. The leverage may impose restrictive financial and operating covenants. The leverage may impair the company's ability to finance their future operations and capital needs. As a result, the company's flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used. OPECO may make investments in industries that are or may become subject to regulation under the laws of any one or more jurisdictions in which they operate. New and existing regulations and the burdens of regulatory compliance may have a material adverse effect on companies that operate in these industries.

In addition, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel.

Non-U.S. Investments

OPECO has invested in portfolio companies domiciled or operating in one or more foreign countries. Investing in non-U.S. companies involves considerations and possible risks and expenses not typically involved in investing in securities of companies domiciled and operating in the United States. The application of foreign tax laws, including the imposition of withholding taxes on dividend or interest payments, or confiscatory taxation may also affect investment in foreign securities. Foreign securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. If OPECO's investments are denominated in a foreign currency, they will be subject to the risk that the value of a particular currency will change in relation to one

or more other currencies. Certain other risks not typically associated with investments in the securities of U.S. companies are inherent in international operations, including, among others, the risk of war, armed conflict, terrorist attacks, civil unrest, political instability, expropriation, restrictions on repatriation of profits, and differences between U.S. and foreign securities markets, such as the absence of uniform accounting, auditing, and financial reporting standards in foreign markets.

Transparency; Valuation

In the case of OPECO's direct investments, OAIM determines fair valuation after consultation with the sub-advisor and a third party independent consultant.

OGR PE and OGR PE Offshore **Material Risks Involving Specific Investments Recommended**

Risks presented by investing in Underlying Funds such as those in which OGR PE invests and in direct natural resource, including oil and gas, assets such as those in which both OGR and ODP invest, include:

Limited Liquidity

OGR PE may have limited rights pursuant to which it may redeem, transfer or otherwise liquidate its investments in its Underlying Funds. Underlying Funds generally have terms and conditions which offer no right to OGR PE to redeem its interest and that allow the Underlying Fund to make distributions in-kind, under certain circumstances. The ability of OGR PE to distribute proceeds from realized investments to its investors may be adversely affected by the inability of OGR PE to redeem its interest in an Underlying Fund or by the decision by an Underlying Fund to make distributions in kind. If an Underlying Fund makes a distribution in kind, OGR PE may receive securities that are illiquid or difficult to value. In these circumstances, OAIM would likely intend to dispose of the securities and would do so in a manner that is in the best interests of OGR PE.

Multiple Levels of Fees and Expenses

An investor who meets the applicable eligibility requirements, as imposed by the Underlying Funds' investment managers could invest directly in the Underlying Fund rather than through OGR PE. By investing in Underlying Funds indirectly through OGR PE, an investor bears asset-based fees and performance-based allocations assessed by both OGR PE and the Underlying Funds. In addition, the investor bears a proportionate share of the other fees and expenses of OGR PE (including operating costs, distribution expenses and administrative fees) and, indirectly, similar fees and expenses of the Underlying Funds.

Each Underlying Fund has an investment manager that generally also receives a carried interest to which it is entitled irrespective of the performance of the other Underlying Funds and of OGR PE generally. Accordingly, an Underlying Fund's investment manager with positive performance may receive compensation from OPEI, and thus indirectly from investors, even if OGR PE's overall investment return is negative.

Duplicative Transaction Costs

Investment decisions of the Underlying Funds are made by its investment managers entirely independently of other Underlying Funds. As a result, at any particular time, one Underlying Fund may be purchasing shares of an issuer whose shares are being sold by another Underlying Fund. Consequently, OGR PE could directly or indirectly incur certain transaction costs without accomplishing any net investment result.

Transparency; Valuation of Underlying Funds

Market prices are not readily available for most Underlying Funds in which OGR PE invests. OGR PE's valuation procedures provide that the value of its investments in Underlying Funds ordinarily will be the value determined in accordance with the underlying investment vehicles valuation policies and provided to OGR PE. The

Underlying Funds generally do not provide details, on a day-to-day basis, with respect to the underlying portfolio securities in which they invest. OAIM values the underlying investments in the underlying funds on an investment by investment basis. (i.e. the net asset valuations provided by the underlying private investment companies when the net asset valuations of the investments are calculated in a manner consistent with authoritative guidance for investment companies.) If OAIM believes that alternative valuation techniques are more appropriate for the underlying funds, it may consider other factors in addition to the net asset valuation, such as features of the investment including subscription and redemptions requirements, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers and overall market conditions in its determination of fair value. In the case of direct investments, OAIM determines fair valuation after consultation with the sub-advisor and a third party independent consultant.

Control over Investment Managers

Although OGR PE invests in Underlying Funds that OAIM believes will be managed in a manner consistent with their stated investment objectives and strategies, there can be no assurance that the Investment Managers will not diverge from such objectives and strategies or otherwise engage in improper conduct.

In addition to the foregoing risk factors, the individual Underlying Funds will pursue a variety of investment strategies and invest in a variety of natural resource related assets, each of which has its own unique risks. The individual portfolio securities in which such Underlying Funds invest also have their own risks. This disclosure does not purport to describe the risks of the strategies used by such Underlying Funds or the risks of their underlying securities.

Non-U.S. Investments

Securities which are not denominated in U.S. dollars or issued by a U.S. company involve risks not typically associated with investing in U.S. securities. These risks include, but are not limited to: currency risks (the risk that the value of dividends or interest paid on non-dollar or non-U.S. securities, or the value of the securities themselves, may fall if currency exchange rates change), the risk that a security's value will be impacted by changes in policies restricting investment, the possibility of heavy taxation, nationalization or expropriation of assets and more difficulty in obtaining information on non-U.S. securities or companies. Foreign securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. In addition, non-dollar denominated and non-U.S. securities may be harder to sell and may be subject to wider price movements than comparable U.S. companies. Furthermore, non-dollar denominated and non-U.S. securities may be more difficult to value than U.S. securities.

Emerging Markets

Many companies involved with oil and gas or other natural resource related assets may be based in emerging markets. Political and economic structures in emerging market countries may be undergoing rapid change and these countries may lack the social, political and economic stability of more developed countries, including the United States. As a result, some of the risks described under "Non-United States Investments", including the risks of nationalization and expropriation of assets and the existence of smaller, more volatile and less regulated markets, may be increased with investments in emerging markets. The value of many investments in emerging market countries has declined significantly in the past and may do so again in the future, as a result of political and economic turmoil; in many of these countries.

OGR PE, OGR PE Offshore and ODP **Material Risks Involving Specific Investments Recommended**

Risks presented by investing in natural resources, including oil and gas, assets such as those in which both OGR, ODP and/or OPECO invest, include the following:

Risks Relating to Investments in Energy and Natural Resources

Economic Factors affecting Energy and Natural Resources Companies

Securities of energy and natural resource companies are especially affected by variations in the commodities markets (that may be due to market events, regulatory developments or other factors that OGR PE, ODP or OPECO cannot control) and these companies may lack the resources and the broad business lines to weather hard times. Energy companies can be significantly affected by the supply of and demand for specific products and services, the supply of and demand for oil and gas, the price of oil and gas, exploration and production spending, government regulation, world events and economic conditions. Natural resources companies can be significantly affected by events relating to international political developments, energy conservation, the success of exploration projects, commodity prices and tax and government regulations.

Compliance with Governmental Regulations

Companies involved in Natural Resources and Related Assets are heavily regulated and are subject to extensive, federal, state, local and foreign laws and regulations (collectively, "Government Regulations"). These companies may incur significant costs in complying with Government Regulations and such costs may have a material adverse effect on the profitability of investments held by OGR PE and/or ODP and/or OPECO. The following is an illustration of some of the Government Regulations to which companies involved in Natural Resources and Related Assets may be subject.

- Oil and Gas Related Regulations. Companies involved with oil and natural gas operations may be subject to Government Regulations relating to the exploration for, and the development, production and transportation of, oil and gas, as well as safety matters, which may be changed from time to time in response to economic or political conditions. These regulations may require oil and gas companies to obtain regulatory permits or approval for drilling or mining operations, road and pipeline development, construction and operations, to pay taxes that are unique to oil and gas companies and to adhere to price controls and limitations on production in order to conserve supplies of oil and natural gas.

- Environmental Regulations. Companies involved with Natural Resources and Related Assets may be subject to Government Regulations which govern, among other things, the containment and disposal of hazardous materials, oilfield waste and other waste materials, the use of underground storage tanks and the use of underground injection wells. Government Regulations protecting the environment typically impose "strict liability," which means that in some situations a company could be exposed to liability for cleanup costs and other damages as a result of conduct that was lawful at the time it occurred or conduct of, or conditions caused by, others.

Cleanup costs and other damages arising as a result of environmental laws, and costs associated with changes in environmental governmental regulations, could be substantial and could have a material adverse effect on the profitability of OGR PE and/or ODP. Governmental regulations protecting the environment have generally become more stringent than in the past and are expected to continue to do so.

- Endangered Species Regulations. Government Regulations protecting the environment also regulate the activities of timber companies. For example, timber companies are often subject to the Endangered Species Act, as well as similar state laws and regulations. The Endangered Species Act and state legislation protect species threatened with possible extinction and may include restrictions or prohibitions on timber harvesting, road building and other silvicultural activities on private, federal and state land containing the affected species.

Regulatory Approvals; Permits.

OGR PE and/or ODP and/or OPECO may invest in companies that are required to comply with numerous federal, state and local statutory and regulatory standards and maintain numerous permits and approvals required for their operation. There can be no assurance that a Company in which OGR PE and/or ODP and/or OPECO invests, or field operator engaged in exploration and development of oil and gas wells or other company engaged in or/and gas distribution or supply, in each case in which OGR PE and/or ODP and/or OPECO may be invested will be able to (i) obtain all required regulatory approvals and permits that it does not yet have or that may be required in the future; (ii) obtain any necessary modifications to existing regulatory approvals and permits; or (iii) review and otherwise maintain required regulatory approvals and permits. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals and permits, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements (which may change over time), could prevent operation of a facility or sales of such facility to third parties, or could result in additional costs to such company or activity, and adversely affect the investment results of OGR PE and/or ODP and/or OPECO. In addition, OGR PE and/or ODP and/or OPECO may be required to obtain the consent or approval of applicable regulatory authorities in order to acquire or hold particular its investments. If OGR PE and/or ODP and/or OPECO is unable to obtain such consent or approval, it may be unable to structure transactions in ways that are optimal for OGR PE and/or ODP and/or OPECO and may even be prohibited from making certain investments. The cost of any consent or approval process may be relatively expensive and may be required to be borne by OGR PE and/or ODP and/or OPECO and passed along to investors in OGR PE and/or ODP and/or OPECO, as applicable.

Changes in Governmental Regulations

Investments made by OGR PE and/or ODP and/or OPECO could be materially and adversely affected as a result of changes in Governmental Regulations, and judicial or administrative interpretations of existing Governmental Regulations that impose more comprehensive or stringent requirements on such company. Moreover, additional regulatory approvals, including without limitation, renewals, extensions, transfers, assignments, reissuances or similar actions, may become applicable in the future due to a change in governmental regulations, a change in the companies' customer(s) or for other reasons. Any such changes could result in increased compliance costs, additional capital expenditures or potential liabilities. In addition, such changes may alter the competitive landscape and/or the nature of the markets in which a portfolio company or asset operator Investment operates in a material and adverse manner. Any such events may adversely affect the investment results of OGR PE and/or ODP and/or OPECO.

Development Risk

OGR PE and/or ODP and/or OPECO may invest in companies that are involved in projects and facilities which are at an early stage of development and face the possibility of either failing to obtain or suffering substantial delays in obtaining (i) regulatory, environmental or other approvals or permits, (ii) financing; and (iii) suitable equipment supply, operating and off-take contracts. ODP is the only Fund still making new investments and, while it intends to invest in lower risk assets in proven basis and lower development risk, it bears the same risks. These projects involve additional uncertainties including the possibility that the projects may not be completed, operating licenses may not be obtained, and permanent financing may be unavailable. Further, there is no assurance that these projects will be profitable or generate cash flow sufficient to service their debt or provide for recovery of amounts invested therein. The foregoing may have an adverse effect on the profitability of investments held by OGR PE and/or ODP and/or OPECO, which, in turn, have an adverse effect on the investment results of OGR PE and/or ODP and/or OPECO.

Construction Risk

OGR PE and/or ODP and/or OPECO may invest in companies that may be subject to significant construction risk, including the risk of substantial delay or increased costs due to a number of unforeseen factors, including: political opposition; regulatory and permitting delays or approvals; delays in procuring sites; delays in

obtaining or the failure of, equipment; labor disputes; lawsuits and other disputes; environmental issues; *force majeure*; or failure by one or more of the infrastructure investment participants to perform in a timely manner (or at all) its or their contractual, financial or other commitments. New facilities and new oil and gas wells have little or no operating history and may employ recently developed technologically complex equipment that may take time to operate at peak levels of output and efficiency. A material delay or increase in unabsorbed cost would significantly impair the financial availability of an infrastructure or oil and gas investment project and could result in a material adverse effect on OGR PE's and/or ODP's and/or OPECO's investment therein.

Operating Risk

OGR PE and/or ODP and/or OPECO may invest in companies that have operating facilities. Such companies are exposed to certain operational risks, such as the possibility of performing below expected levels or output, availability or efficiency; interruptions in fuel or other necessary supplies; increases in the cost of fuel or other necessary supplies; pipeline disruptions; disruptions in the off-take of electrical energy; power shutdowns; breakdown or failure of equipment or processes; accidental discharges of hazardous materials; labor disputes; changes in governmental regulations; regulatory and permitting delays or approvals; or catastrophic events such as fires, earthquakes, lightning, explosions, hurricanes, tornados, floods or similar occurrences affecting the operating facilities or their power purchasers, steam purchasers, fuel suppliers or fuel transporters. In addition, OGR PE and/or ODP and/or OPECO may make investments in companies that are based, in part, on favorable existing contractual arrangements at such companies or estimates of energy, including oil and gas, reserves available to such companies. There is no assurance that such contractual arrangements can be maintained, and estimates may turn out to be incorrect. Any such events could have a material adverse effect on the profitability of such companies and the investment results of OGR PE and/or ODP and/or OPECO.

Adequacy and Availability of Insurance

While OGR PE and/or ODP and/or OPECO will seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, that may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and to the extent such insurance coverage is available, proceeds paid under an insurance policy may be inadequate to cover a loss of revenues completely or to any meaningful extent, or to cover an increase in operating and maintenance expense and/or replacement or rehabilitation. In addition, certain losses of catastrophic nature, such as those caused by weather conditions, earthquakes, hurricanes, tornados, floods, wars, terrorist attacks or other similar events (collectively, "*force majeure*"), may be either uninsurable or insurable at such high rates as to adversely impact the profitability of OGR PE's and/or ODP's and/or OPECO's investments. In general, losses related to terrorism are becoming more difficult and more expensive to insure against and most insurers are either excluding terrorism coverage from their all-risk policies or offering significant limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance. As a result, it is unlikely that any of OGR PE's and/or ODP's and/or OPECO's investments will be insured against damages attributable to acts of terrorism. If a major uninsured loss were to occur with respect to an investment, OGR PE and/or ODP and/or OPECO could lose both its capital invested therein and any anticipated profits related to such investment.

Commodity Risk; Price Volatility

OGR PE or ODP or OPECO may invest in companies in the energy sector that may be subject to commodity price risk, including, without limitation, the price of electricity and the price of fuel. Similarly, OGR PE, ODP or OPECO ODP will invest in oil and gas assets production from which it is subject to substantial price volatility. Historically, the markets for oil, gas, coal and power have been volatile, and such markets are likely to continue to be volatile in the future. The operation and cash flows of companies in the energy sector will depend, in substantial part, upon prevailing market prices for energy commodities. These market prices may fluctuate materially depending upon a wide variety of factors that are beyond the control of OGR PE and/or ODP and/or OPECO, including, without limitation, market supply and demand, *force majeure*, catastrophic events,

governmental regulations and any changes thereto, the refining capacity of crude oil purchasers, the price and availability of alternative fuels and energy sources, political conditions in the Middle East and other oil and natural gas producing regions, terrorist acts or threats thereof, actions of the Organization of Petroleum Exporting Countries (and other oil and natural gas producing nations), the foreign supply of (and demand for) oil and natural gas, the price of foreign imports, coal supplies and rail capacity, and overall economic conditions. Any significant decline in the price of oil or natural gas could adversely affect the profitability of investments held by, and the investment results of, OGR PE and/or ODP and/or OPECO.

Risks Related to Timber Companies

OGR PE may invest in companies concentrated in the timber industry, the success of which will be affected by the cyclical nature of the forest products industry. Prices and demand for logs have been, and in the future can be expected to be, subject to cyclical fluctuations. The demand for logs is primarily affected by the level of new residential construction activity and, to a lesser extent, repair and remodeling activity and other industrial uses, which are subject to fluctuations due to changes in economic conditions, interest rates, population growth, weather conditions and other factors. Decreases in the level of residential construction activity will be reflected in reduced demand for logs, which may result in lower revenues, profits and cash flows. In addition, the revenues, net income and cash flow of timber companies will be dependent to a significant extent on their ability to harvest timber at adequate levels. There can be no assurance that a timber company will achieve harvest levels necessary to maintain or increase revenues, net income or cash flows. Weather conditions, timber growth cycles, access limitations and regulatory requirements associated with the protection of wildlife and water resources or any shortage of contract loggers may restrict harvesting, as may many other factors, including damage by fire, insect infestation, disease, prolonged drought and natural disasters. Any significant impairment on a company's ability to harvest timber at adequate levels may adversely affect the investment results of OGR PE.

Risk Factors Relating to Oil and Gas Assets

Oil and Natural Gas Investments Are Risky

The acquisition of leasehold interests and the selection of prospects for oil and natural gas drilling, the drilling, ownership and operation of oil and natural gas wells, and the ownership of non-operating interests in oil and natural gas properties are highly speculative. There is no certainty that prospects will produce oil or natural gas or commercial quantities of oil or natural gas. Additionally, the amount of time it will take to recover any oil or gas is unpredictable. Drilling activities may be unprofitable, not only from non-productive wells, but from wells that do not produce oil or natural gas in sufficient quantities or quality to return a profit. Delays and added expenses may also be caused by poor weather conditions affecting, among other things, the ability to lay pipelines or otherwise transport or market hydrocarbons. In addition, ground water, impenetrable substances, various clays and lack of porosity and permeability may hinder or restrict production or even make production impractical or impossible.

Uncertainty of Estimates of Oil and Gas Reserves

OGR PE and/or ODP and/or OPECO may invest in or with companies, the success of which is dependent on the companies' estimates of oil and gas reserves. The estimation of oil and natural gas reserves is a subjective process and the accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. Prices expected from sales of hydrocarbons are subject to market conditions. Estimates of economically recoverable oil and natural gas reserves and of future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effect of regulations by governmental agencies and assumptions concerning future oil and natural gas prices, future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. OGR PE's and/or ODP's and/or OPECO's properties (whether owned directly or through other entities) may be susceptible to drainage from production by other operations on adjacent properties. For these reasons, and others, estimates of the economically recoverable quantities of oil and natural gas attributable to any particular group of

properties, classifications of such reserves based on risk of recovery, and estimates of the future net cash flows expected therefrom may vary substantially. Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves and the investment results of OGR PE and/or ODP and/or OPECO.

Dry Holes, Unproductive Wells, Abandonment

The cost of drilling, completing and operating any well is often uncertain and new wells may not be productive. If a well is determined to be dry or uneconomic, which can occur even though it contains some oil or natural gas, it is classified as a dry hole and must be plugged and abandoned in accordance with applicable regulations. This generally results in the loss of the entire cost of drilling and completion to that point, as well as the cost of plugging and lease costs associated with the prospect. Even wells that are completed and placed into production may not produce sufficient natural gas and oil to be profitable.

Concentrated Drilling Prospects

OGR PE's and/or ODP's and/or OPECO's risk of loss may increase when well prospects are concentrated in one area and simultaneously drilled. When simultaneously drilling several wells in one area, it is cost effective to use the drilling results of only a few wells in deciding whether to continue drilling in that area. Failure to analyze each well increases the risk that productive wells will go unanalyzed and be abandoned.

Increased Drilling Costs

In the event that the level of drilling activity returns to a high level, there could be shortages of drilling rigs, pipes and other equipment and personnel available for OGR PE's and/or ODP's and/or OPECO's operations or operations within companies in which OGR PE or ODP or OPECO is invested. As a result, there could be an increase in the costs associated with the drilling of oil and natural gas wells. In addition, the cost of insurance relating to oil and gas operations may continue to increase. Such increases could result in limiting the number of wells that may be drilled as well as the profitability of each well once completed.

Liability For Joint Activities of Other Working Interest Owners

OGR PE and/or ODP and/or OPECO will likely acquire less than a full working interest in its prospects and will instead engage in joint activities with other working interest owners. If capital available for investment by OGR PE and/or ODP and/or OPECO is insufficient to acquire a controlling interest, or if there are multiple investors interested in a particular property, OGR PE and/or ODP and/or OPECO may be forced to purchase less than a 50% working interest in the properties. Any working interest less than a majority of which is owned by OGR PE and/or ODP and/or OPECO means third-party control of such properties while ownership structures are utilized to mitigate this risk, OGR PE and/or ODP and/or OPECO could be held liable for the joint activity obligations such as nonpayment of costs and liabilities arising from the actions of the other working interest owners. Full development of the properties may be jeopardized if other working interest owners cannot pay their shares of drilling and completion costs.

Decline in Oil and Gas Prices

The price that OGR PE and/or ODP and/or OPECO receives for oil or natural gas production from wells in which OGR PE and/or ODP and/or OPECO has an interest will significantly affect its revenue, profitability, access to capital and future growth rate. Historically, the oil and natural gas markets have been volatile, and they will likely continue to be volatile in the future.

Liabilities Arising From Drilling and Production Activities

There are numerous natural hazards involved in the drilling of oil and natural gas wells, including unexpected or unusual formations, pressures, blowouts and uncontrollable flows of natural gas, oil brine or well fluids. These hazards may cause or result in damages to property and third parties, surface damages, bodily injuries, damage to

and loss of equipment, reservoir damage and loss of reserves. There are also hazards involved in the transportation from wells to market of oil and natural gas, including pipeline leakage and oil spillage or oil transported via barge. These hazards could result in liabilities associated with environmental cleanup. Uninsured liabilities would reduce the funds available for OGR PE and/or ODP and/or OPECO, may result in the loss of OGR PE and/or ODP and/or OPECO property and may create liability for PGP's in ODP. Although OGR PE and/or ODP and/or OPECO will maintain insurance coverage in amounts OAIM's sub-advisor deems appropriate, it is possible that this coverage may be insufficient. In that event, OGR PE and/or ODP and/or OPECO assets would be utilized to pay personal injury and property damage claims, control blowouts or replace destroyed equipment, rather than for additional drilling activities.

Delays in Transfer of Title

Under certain circumstances, title to OGR PE and/or ODP and/or OPECO properties may be held by other entities on OGR PE's and/or ODP's and/or OPECO's behalf, and title may not be transferred to OGR PE and/or ODP and/or OPECO until a well has been completed. OGR PE and/or ODP and/or OPECO, therefore, runs the risk that the transfer of title could be set aside should the entity holding the title enter into bankruptcy proceedings. If a transfer of title were set aside, title to the leases and the wells would revert to the creditors or bankruptcy trustee, and OGR PE and/or ODP and/or OPECO would recover either nothing or only the amounts paid for the leases drilling the wells. However, assigning the leases to OGR PE and/or ODP and/or OPECO after the wells are drilled and completed should not affect the availability of the deductions for intangible drilling costs because OGR PE and/or ODP and/or OPECO should have an economic interest in the wells under the drilling and operating agreement before the wells are drilled.

Transparency: Valuation of Oil and Gas Assets

OAIM consults with a third party independent consultant to determine the fair valuation of any oil and gas investments held either directly or indirectly by a Fund. Valuations are ultimately determined by OAIM in accordance with the applicable Fund's valuation procedures in consultation with OAIM's third party independent consultant.

Other Material Risks Applicable to ODP

Initial Public Offerings; New Issues

ODP is the only Fund making new investments. ODP is authorized to invest in securities sold pursuant to initial public offerings or securities created as a result of spin-offs, split-offs, recapitalizations or other significant corporate events. Such securities have no public market prior to their initial offering or creation and there is no assurance that (i) an active public market in such securities will develop or continue after commencement of trading or (ii) that the initial public offering price or initial trading level of such securities will be indicative of the market price for such securities on a "fully-distributed" basis. OGR PE's or ODP's participation in "New Issues" is subject to the FINRA Rule 5130. New Issues as defined by this rule include securities offered to the public in an initial public offering. Investors may be restricted from participating in profits and losses from New Issues by FINRA Rule 5130. There is no assurance that the allocation mechanisms, adopted by OGR PE or ODP to comply with FINRA Rule 5130 will be respected by the SEC or FINRA as such bodies have not yet promulgated rules specifying appropriate allocation procedures. OGR PE or ODP may periodically request information from investors to verify OGR PE's or ODP's eligibility to participate in New Issues. Notwithstanding the foregoing, OGR PE or ODP may be ineligible to participate in an investment in New Issues, despite the fact that all of its investors are in fact eligible, if it is unable to obtain information sufficient to form a reasonable belief that all of its investors are eligible.

ITEM 9 DISCIPLINARY INFORMATION

On March 11, 2013, OAIM and its affiliate, Oppenheimer Asset Management Inc. (“OAM”), without admitting or denying the findings, consented to the issuance of an administrative order (the “Order”) with the Securities and Exchange Commission (“SEC”). Also on March 11, 2013, OAM entered into an Assurance of Discontinuance (“AOD”) with the Attorney General of the Commonwealth of Massachusetts (“MA AG”) based on the same conduct that was the subject of the Order. The Order and the AOD concerned misrepresentations and omissions to investors and prospective investors about the asset value of a fund of private equity funds. The Order and the AOD found that while the written policies and procedures of OAM and OAIM required the compliance department to review and approve marketing materials, those procedures did not require a review of portfolio manager valuations and accordingly were not reasonably designed to ensure that valuations were determined in a manner consistent with written representations to investors. The SEC found that OAM and OAIM willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 (the “Securities Act”) and Section 206(4)-7 and Section 206(4)-8 of the Investment Advisers Act of 1940 (the “Advisers Act”) and Rules 206(4)-7 and 206(4)-8 thereunder. The MA AG found that OAM and OAIM violated M.G.L.c. 93A. As per the terms of the Order and the AOD, OAM and OAIM paid a total of \$2,269,098 in disgorgement to investors who invested in the fund between October 2009 through June 2010, paid a civil penalty of \$617,579 to the SEC, paid a penalty of \$132,421 to the Commonwealth of Massachusetts, retained an independent consultant to conduct a review of their valuation policies and procedures and agreed to cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act and Section 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 thereunder. The Order provides that OAM and OAIM are censured.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker Dealer Registration Status

Bryan E. McKigney, Senior Vice President of OAIM, and Jeffrey Alfano, Chief Financial Officer of OAIM, are both registered representatives of Oppenheimer, but do not do business in that capacity.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

Not applicable.

C. Material Relationships or Arrangements with Industry Participants

OAIM is a wholly-owned subsidiary of OAM and an affiliate of Oppenheimer. Each of OAM and Oppenheimer is registered with the Securities and Exchange Commission (the “SEC”) as an investment adviser. OAM (directly or through affiliates) provides investment advisory services to registered and unregistered investment companies, including, without limitation, domestic and offshore funds and individual and institutional client accounts.

OAM is the sponsor of each of the Funds and as such creates or packages limited partnerships. OAM is the managing member of Advantage Advisers Multi-Manager, LLC.

OAIM is affiliated with several investment advisers who serve as investment managers to, among other clients, registered and unregistered investment companies. Those officers and employees of Oppenheimer or OAM who provide investment advisory, administrative and related services to the Funds also provide similar services to the clients of OAIM’s affiliated investment advisers.

OPY directly and indirectly controls (through ownership) each of the above-mentioned advisers. As managing member or general partner, OAM controls most of these advisers. Albert G. Lowenthal, a Principal at OAM, owns more than 50% of the controlling Class B voting stock in OPY. He is also Chairman and CEO of Oppenheimer. OAM and Oppenheimer are indirectly owned by OPY.

OPY directly or indirectly has control over the activities of several subsidiaries, some of which provide insurance products and/or services. OAIM does not have arrangements that are material to its advisory business or its clients with any related person who is a CPO, CTA or insurance company or agency.

Oppenheimer acted as the non-exclusive placement agent for the Funds. Oppenheimer is a registered broker-dealer and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Oppenheimer is also registered as a Futures Commission Merchant with the Commodity Futures Trading Commission (the "CFTC"). Oppenheimer is a full-service, self-clearing securities brokerage firm. It is engaged in numerous activities including securities brokerage, securities research, commodities brokerage, securities trading, corporate finance, real estate financing and investment advisory services.

Oppenheimer and its Financial Advisors affiliated with Oppenheimer distribute interests in several limited partnerships managed by OAM and its affiliates. Oppenheimer and its Financial Advisors may receive all or a portion of any future placement fee or commission for the distribution of limited partnership interests.

Oppenheimer compensates its Financial Advisors for placing their interests in investment products offered or sponsored by Oppenheimer and its affiliates, including the Funds. This compensation is based on an existing plan of compensation pursuant to which Oppenheimer takes into account sales of all investment products offered or sponsored by Oppenheimer and its affiliates which are originated by Oppenheimer Financial Advisors. Oppenheimer Financial Advisors may charge investors in the Funds a sales commission which may equal up to 3% of the amount transmitted by an investor in connection with its subscription interest in a Fund. The sales commission requires the consent of the investor. Not all investors in the Funds will be charged a sales commission. This compensation may be greater than what the Oppenheimer Financial Advisors would receive if the client participated in other collective investment vehicles or advisory programs and thus may create an incentive for the Oppenheimer Financial Advisors to recommend the purchase of shares in the Funds to clients over other investments or advisory services, which presents a conflict of interest.

Although placing clients in investment products offered or sponsored by Oppenheimer and its affiliates, including the Funds, is potentially more lucrative to the Financial Advisors, each of these investment vehicles pursues different investment objectives and strategies and has differing tax, regulatory and investor suitability considerations. Moreover, before any investor is accepted by Client Services, the Branch Manager of such Financial Advisor must sign off on investor suitability.

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

A. Code of Ethics

OAIM has adopted a written Code of Ethics pursuant to Rule 204A-1 under the Advisers Act. A copy of the Code of Ethics will be provided upon request to any client or prospective client. The purpose of the Code is to set forth standards of conduct expected of advisory personnel and address conflicts, such as front running, that arise from personal trading by advisory personnel. The Code of Ethics addresses these conflicts as follows:

1. Certain advisory personnel with access to the securities trading of the Funds or advisory clients are deemed as "access persons";
2. Access persons are required to certify that they are in compliance with the Code of Ethics on an annual basis;

3. Access persons are also required to provide compliance personnel with brokerage accounts through which they conduct personal trading; and
4. Access persons are required to obtain written pre-clearance by compliance personnel of all personal securities transactions (other than certain exceptions to this requirement as defined in the Code).

OAIM and its related persons are engaged or may engage in investment activities for private investment companies, other registered investment companies, other accounts that may pursue investment strategies similar to those of the Funds or for its own accounts or other related accounts, in which the Funds have no interest. These accounts may from time to time purchase, sell or hold certain investments which are also being purchased, sold or held by one or more of the Funds. Where OAIM has determined that an investment is suitable for one or more of the Funds and/or one or more of the Funds and any other accounts, OAIM will allocate the investment among the Funds or among the Funds and the other accounts, as applicable, on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments and the respective investment programs, diversification goals, and portfolio positions of the Funds and these accounts.

The Funds are recommended by Financial Advisors of Oppenheimer, who are related persons of OAIM. Oppenheimer acts as the placement agent for the sale of interests in collective investment vehicles for which OAIM or other affiliates of Oppenheimer serve as investment adviser or general partner. Financial Advisors of Oppenheimer receive a portion of the fees paid to the investment adviser or general partner with respect to client accounts in such funds.

OAIM has a financial interest in the Funds, which it serves in an advisory capacity. OAIM's advisory role and related compensation is disclosed in the relevant private placement memorandum or accompanying fund organization document and those documents are provided to each prospective client prior to investment in the Funds. OAIM's employees devote as much of their time to the activities of the Funds as OAIM deems necessary and appropriate

OAIM engages the services of a sub-advisor for a Fund in its discretion. Currently, Birch sub-advises CSO. Birch has discretion over Fund assets in the case of CSO.

ITEM 12 BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker Dealers for Client Transactions

OAIM does not recommend broker-dealers for client transactions, and OAIM does not directly order any trade transactions on behalf of its Fund clients.

CSO: OAIM has given Birch the authority to select broker-dealers to be used for all transactions of the Master Fund.

Access Fund: The Underlying Fund Manager has complete discretion in deciding which securities are bought and sold for the Master Fund, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

All PE Funds:

Since OAIM anticipates that the securities of its underlying funds and portfolio companies will not be publicly traded, OAIM does not anticipate engaging any broker-dealer to effect transactions in securities of Underlying Funds and Portfolio Companies.

ITEM 13 REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

CSO:

- ☒ Birch reviews CSO's investment portfolio on a day-to-day basis:
 - to verify trading and determine whether the portfolio is in compliance with CSO's investment objective/strategy/applicable guidelines or limits as set forth in the offering memorandum;
 - with respect to current earnings projections, yield levels, potential for the securities to be called by the issuers, risk reward parameters, industry concentrations and other factors;
 - to monitor relative values to evaluate the continued attractiveness of each security relative to other investment opportunities.
- ☒ OAM's Portfolio Review Board conducts:
 - a formal review of CSO's portfolio on a periodic basis; and
 - an informal review on a continuous basis for the same purposes as Birch above
- ☒ OAIM's Valuation Committee: determines the fair value of any investments for which fair market value prices are not readily obtainable (generally, distressed or illiquid securities) in accordance with its fair value procedures.

All PE Funds:

- ☒ OAIM reviews specific investments/securities held, asset mix of each Fund, availability of cash for the investment and performance of the Fund and with respect to the Underlying Funds
- ☒ OAIM reviews whether each PE Fund is in compliance with its investment strategy/applicable guidelines or limits as set forth in the PE Fund's offering memorandum. (This review is conducted after the investment has been made. The review is not conducted for the purpose of assessing whether to sell or maintain investments; rather for the purpose of assessing whether to make a new investment.)

OPECO, OGR PE and OGR PE Offshore:

- ☒ OAM's Alternative Investments Oversight Committee:
 - Conducts oversight review of due diligence process for potential investments
- ☒ OAM's Portfolio Review Board: meets on a periodic basis to review accounts and collective investment vehicles managed by OAM and OAIM portfolio managers.

B. Content and Frequency of Account Reports to Clients

The PE Funds:

Each investor receives:

- a) A written annual audited financial report, expected to be delivered within 180 days after the end of the fiscal year audited or as promptly as possible thereafter;
- b) Written unaudited quarterly performance reports as soon as practicable after the end of each quarter; and
- c) Written Schedule K-1s as soon as practicable after receipt of all the necessary information and after completion of the Fund's annual audit.
- d) other information that OAIM deems appropriate.

CSO and Access Fund:

Each investor receives:

- a) a written audited financial statement, expected to be delivered within 120 days (180 days for Access Fund) after the end of the fiscal year audited or as promptly as possible thereafter;
- b) written unaudited quarterly performance reports (which state the current NAV, the change in NAV from the previous quarter and other information) within 60 days after the end of each calendar quarter; and
- c) written Schedule K-1s as soon as practicable after receipt of all the necessary information and after completion of the annual audit.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

OAIM does not receive economic benefits from non-clients for providing investment advice or other advisory services to clients.

B. Compensation to Non-Supervised Persons for Client Referrals

Oppenheimer Financial Advisors receive a portion of the management fee and any performance fees paid with respect to interests in the Funds held by their clients. Additionally, certain Oppenheimer Financial Advisors may, with the investor's consent, charge investors an additional upfront placement fee.

ITEM 15 CUSTODY

Under SEC rules, as General Partner, OAIM is deemed to have custody of Fund client assets. Morgan Stanley & Co. Incorporated, a qualified custodian, maintains the assets held by CSO. The Bank of New York Mellon, a qualified custodian, maintains assets held by Access Fund, OGR PE, OGR PE Offshore, OPEI, OPEI Offshore, OPECO, OPECO Offshore and ODP.

Each of the Funds is subject to an annual audit. OAIM distributes each Fund's audited financial statements to the Fund's investors within 120 days after the Fund's fiscal year end or, with respect to Funds that are fund-of-funds (Access Fund, OPEI and OGR PE), within 180 days after the fund-of-fund's fiscal year end. Such financial statements are prepared in accordance with generally accepted accounting principles (GAAP) and are audited by:

CSO:	Ernst & Young LLP
Access Fund	Ernst & Young LLP
OGR PE:	KPMG
OGR PE Offshore:	KPMG
OPEI:	KPMG
OPEI Offshore:	KPMG
OPECO	KPMG
OPECO Offshore	KPMG
ODP	KPMG

The above mentioned are each an independent public accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board. Upon liquidation of a Fund, OAIM distributes the liquidated Fund's final audited financial statements prepared in accordance with GAAP to all limited partners promptly after the completion of such final audit.

ITEM 16 INVESTMENT DISCRETION

OAIM exercises discretionary authority in managing the Funds, except with respect to CSO for which Birch exercises investment discretion.

ITEM 17 VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities

OPEI and OPECO

As General Partner of OPEI and OPECO, OAIM has broad authority and power of attorney. OAIM intends to vote proxies received by these funds and to act on other general requests for action in accordance with its Proxy Voting Policies and Procedures.

OPEI Offshore and the OPECO Offshore invest all or substantially all of their assets in OPEI and the OPECO, respectively. Accordingly, OAIM does not anticipate having to vote any proxies with respect to investments of OPEI Offshore and OPECO Offshore except in limited circumstances (*i.e.*, amendments to the partnership agreements of OPEI and the OPECO, extensions of the term of OPEI and the OPECO or replacement of the general partner of OPEI and the OPECO).

OAIM anticipates that OPEI will have limited matters presented for its approval since it is a fund of funds and invests in Underlying Funds. OPECO will hold securities in portfolio companies. The nature of these investments may present more instances in which OPECO may exercise its voting rights with respect to such investments.

OAIM's Proxy Voting Policies and Procedures may apply to matters that are presented for approval of the Funds. For example, OAIM may exercise proxies relating to tender offers or exchanges related to individual investments, bankruptcy proceedings related to individual investments, the merger, recapitalization or reorganization of an individual investment, class actions related to individual investments, solicitations with regard to alterations of the organizational documents (*i.e.*, partnership agreements or operating agreements) of portfolio companies or Underlying Funds, extensions of the existence of Underlying Funds, the termination of one of the Underlying Fund's investment managers or of a general partner of an Underlying Fund and issues with regard to securities received as in kind distributions.

Corporate actions are voted on a case-by-case basis. When voting on corporate actions on behalf of a Fund, OAIM's utmost concern is that all decisions be made in best interest of the Fund. Therefore, OAIM will act in a manner deemed prudent and diligent and which is intended to enhance the economic value of the assets of the Fund.

From time to time proxy proposals may present conflicts between the interest of the Funds and the interests of OAIM, its sole member (OAM), its affiliates and respective employees. Such conflicts may arise when proxy votes on non-routine matters are solicited by an issuer that has a business relationship with OAIM, OAM or its affiliates. If OAIM receives a proxy proposal that raises an actual and a material conflict of interest, OAIM will vote the proposals according to the policies of an independent third party. Alternatively, OAIM may disclose the conflict of interest to the applicable fund and obtain instructions from the fund on how to vote on the proposal.

Clients may request information on how OAIM has voted such client's proxies and may request OAIM's Proxy Voting Policies and Procedures by contacting:

Oppenheimer Alternative Investment Management, LLC
85 Broad Street, 3rd Floor, New York, NY 10004
212-885-4794

CSO

Birch will make all investment decisions for the Master Fund and will vote any proxies with respect to the investments of the Master Fund in accordance with its own proxy voting policies and procedures. OAIM does not anticipate having to vote any proxies with respect to the CSO's investment in the Master Fund except in limited circumstances. OAIM's utmost concern is that all decisions be made in the best interest of CSO and its investors. OAIM will act in a manner deemed prudent and diligent and which is intended to enhance the economic value of the assets of CSO and its clients' investments in CSO.

All PE Funds and Access Fund

To the extent any of these Funds is entitled to vote on any matter with respect to its portfolio securities, each of the Funds has delegated responsibility to vote any proxies the fund may receive to OAIM, who will vote the proxy in accordance with its proxy voting policies and procedures. These policies are reasonably designed to ensure that OAIM votes proxies in the best interests of investors in the applicable Fund and addresses how OAIM resolves any conflict of interest that may arise when voting proxies.

ITEM 18 FINANCIAL INFORMATION

Not Applicable.