
PART 2A OF FORM ADV: FIRM BROCHURE

OSPRAIE MANAGEMENT, LLC

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This brochure provides information about the qualifications and business practices of Ospraie Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 602-5000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Item 2 – Material Changes

None.

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Item 4 – Advisory Business

Ospraie Management, LLC (“Ospraie Management” or the “Manager”) is an investment management firm focused on directional investing in basic industry equities and commodities globally.

Ospraie Holding I, L.P. (“Ospraie Holding I”) is the managing member of Ospraie Management. Ospraie Management, Inc. is the general partner of Ospraie Holding I. Dwight Anderson is the sole shareholder of Ospraie Management, Inc.

The original “Ospraie Fund” was a private investment fund founded by Dwight Anderson in 2000, when he was an investment manager with Tudor Investment Corporation. In January 2004, Mr. Anderson formed Ospraie Management to manage the original Ospraie Fund and other investment accounts.

Ospraie Management serves as the investment manager with discretionary trading authority to several domestic private investment funds, each, a Delaware limited partnership (the “US Funds”) and to several foreign private investment funds, each, a Cayman Islands corporation or limited partnership (the “Offshore Funds”). Such private investment funds are divided among three master/feeder fund complexes: (i) Ospraie Commodity Fund, which is dedicated to investing in commodities and related derivative instruments; (ii) Ospraie Equity Fund, which is dedicated to investing in equity securities and derivative instruments of companies related to the commodity and basic industries; and (iii) The Ospraie Fund, which was dedicated to investing in commodities, natural resources and basic industries and related equity securities and derivative instruments. The Ospraie Fund is no longer open to new investment and its portfolio is currently being wound down by Ospraie Management.

Ospraie Advisors, L.P. (“Ospraie Advisors”), an affiliate of Ospraie Management (together with Ospraie Management, “Ospraie”), serves as the investment manager to an additional master/feeder fund complex (the “Special Opportunities Funds,” and together with the funds described in the preceding paragraphs, the “Funds”). The Special Opportunities Funds focus on private equity style investments in commodities, natural resources and basic industries across a number of structures with varying liquidity and time horizon parameters. The Special Opportunities Funds are no longer accepting capital commitments. Ospraie Advisors is not a separately registered adviser with the SEC, but instead relies on Ospraie Management’s registration with the SEC in not registering in accordance with the American Bar Association, Business Law Section (Jan. 18, 2012) no-action letter.

The Manager may organize additional private investment funds in the future which utilize similar or different investment strategies than the Funds.

Each general partner of a Fund that is structured as a limited partnership is an affiliate of Ospraie (the “General Partners”).

Interests in the US Funds are offered on a private placement basis, and where applicable, in reliance on Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “Company Act”), to persons who generally are “accredited investors” as defined under the Securities Act of 1933, as amended (the “Securities Act”), and “qualified purchasers” as defined under the Company Act, and who are subject to certain other conditions, which are fully set forth in the offering documents of such Funds. Interests in, or

shares of, the Offshore Funds are generally offered to persons who are not “U.S. Persons,” as defined under Regulation S of the Securities Act, or who are tax-exempt U.S. Persons (or entities substantially comprised of tax-exempt U.S. Persons) on a private placement basis, and who are subject to certain other conditions, which are fully set forth in the offering documents of such Funds.

In addition, Ospraie Management serves as the investment manager with discretionary trading authority for several managed accounts (the “Managed Accounts”), which are generally managed *pari passu* (subject to the limitations discussed in Item 6) with the Ospraie Commodity Fund or the Ospraie Equity Fund, or with similar, more concentrated portfolios than are permitted in accordance with the risk parameters of those Funds. The account holders of the Managed Accounts may impose restrictions on investing in certain securities or types of securities or other instruments. Provisions relating to fees, liquidity, expenses and termination rights with respect to the Managed Accounts are negotiated on a case by case basis and certain clients may have more favorable terms than others.

In addition, Ospraie Management serves as the investment manager with discretionary trading authority to Permal Ospraie Ltd., a private investment fund which was formed as a British Virgin Islands business company with limited liability by an unaffiliated investment manager. Permal Ospraie Ltd. offers several classes of interests, two of which are generally managed *pari passu* (subject to the limitations discussed in Item 6) with the Ospraie Commodity Fund, and one which is generally managed *pari passu* (subject to the limitations discussed in Item 6) with the Ospraie Equity Fund. For all purposes of this Form ADV Part 2A, Permal Ospraie Ltd. is considered a Managed Account.

As used herein, the term “client” generally refers to each Fund and each account holder of a Managed Account. The advice Ospraie provides to its clients is tailored according to the investment objectives, guidelines and requirements set forth (i) with respect to each Fund, in its respective Offering Memorandum or Private Placement Memorandum (each, a “Memorandum”) and (ii) with respect to each Managed Account, in the investment management agreement between Ospraie Management and its account holder (each, an “IMA”).

As of December 31, 2012 Ospraie managed approximately \$2.31 billion across the Funds and Managed Accounts, including (i) Funds and Managed Accounts with approximately \$1.78 billion of assets under management which trade securities and therefore were included in the calculation of “regulatory assets under management” under Part 1A of Ospraie’s Form ADV; and (ii) Funds and Managed Accounts with approximately \$531 million of assets under management which do not trade securities. The assets under management referenced above are derived on a net basis, except that approximately \$266 million of such assets under management reflect notional values attributable to notionally funded Managed Accounts. “Notionally funded Managed Accounts” refer to certain Managed Accounts which consist primarily of investments in commodity futures, options and related derivative instruments. A notional account value is agreed upon by the holder of such a Managed Account and Ospraie, and that notional value along with any adjustments for investment profits and losses: (i) is used by Ospraie to make investment decisions, determine the sizing of positions, and apply risk parameters; and (ii) serves as the basis upon which applicable fees and compensation are calculated and expenses are allocated with respect to such Managed Account. Amounts funded by the Managed Account holder may vary from the notional amount depending on the requirements of the Managed Account’s brokers.

Item 5 – Fees and Compensation

Fees and Compensation

Management fees may vary with each client and are explained more fully in each client's Memorandum or IMA. Ospraie Management is generally paid a management fee monthly in arrears according to the terms of the relevant agreement with each client. Ospraie Advisors is generally paid management fees quarterly in advance according to the terms of the relevant agreement with each client and refunds any unearned portion of such management fees after the termination of the relevant agreement or on an intra-quarterly redemption of an investor from a Special Opportunities Fund. The management fee may be up to 2.0% (annualized) of (i) the net asset value of the shares or interests of each Fund held by investors and certain Managed Accounts, and (ii) the notional value of certain other Managed Accounts.

Ospraie and/or the General Partners generally receive annual or quarterly performance-based compensation of up to 25% of the realized and unrealized net profits of a Fund or Managed Account as defined and calculated in the applicable Memorandum or IMA. Certain clients will not bear performance-based compensation on annual (or quarterly) net profits until any respective aggregate net losses from any prior period (or in some instances, legacy investment vehicles) are recovered.

If the Ospraie Commodity Fund or the Ospraie Equity Fund experiences a loss for a measurement period, applicable investors will bear reduced performance-based compensation on annual net profits until Ospraie has generated net profits equal to 250% of any respective aggregate net losses from the prior period. Ospraie and/or a General Partner will only receive performance-based compensation if the receipt of such compensation is in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Management fees are prorated for partial periods. Performance-based compensation is charged at fiscal year-end (or quarterly, as the case may be) but may be charged during a fiscal year (or quarter) upon the termination of a Managed Account or upon an investor's redemption from a Fund, as applicable.

Ospraie and a General Partner may waive, modify or calculate differently the management fee and any performance-based compensation paid by any client or investor in a Fund on a case by case basis.

Unless otherwise agreed upon with a client, management fees and performance-based compensation are generally debited directly from Fund accounts and are generally billed to the Managed Accounts.

No Ospraie employee is compensated for the sale of securities or other investment products.

Expenses

As more fully described in each Fund's respective Memorandum and the IMA establishing each Managed Account, the Funds and the Managed Accounts will generally bear expenses in connection with their trading and investment activities, which may include, without limitation, brokerage costs (which vary depending on a number of factors, including the broker utilized for the transaction and any research-related services provided by such broker, the particular security or other instrument traded, and the volume and size of the transaction), execution, give-up, exchange, clearing, clearinghouse, principal, and regulatory commissions and fees, delivery, custody, storage, warehousing, and escrow expenses, research fees and expenses (including research fees and expenses paid to advisors or consultants established by

former employees of the Manager), fees paid to third-party consultants (including third-party risk management consultants), finder's fees paid for the introduction of transactions, insurance costs (including directors' and officers' insurance, errors and omissions insurance and other similar policies), directors' fees, professional fees, entity-level taxes, shipping surcharges, customs levies, offloading charges, handling fees, grading fees, assay charges, interest and borrowing charges on margin accounts, borrowed money, investments, and other indebtedness, bank, broker, and dealer service fees, and related expenses and costs. Expenses that are common to multiple clients of Ospraie are typically borne by such clients on a *pro rata* basis as determined by the applicable net asset or notional value of such client accounts.

The Funds also bear additional expenses associated with organizing, administering and continually offering the Funds. Such expenses include legal, accounting, escrow, auditing, recordkeeping, administration, fund accounting, computer, and clerical expenses, insurance, expenses incurred in preparing reports and tax information to investors and regulatory authorities, expenses of printing and dispatching offering materials and reports to investors, duplicating expenses, mailing costs, courier costs and filing fees, where applicable.

Ospraie may voluntarily cap certain expenses for the Managed Accounts and the Funds. However, Ospraie is under no obligation to cap expenses beyond the terms of the relevant agreement with each client.

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

As noted in Item 5, Ospraie and the General Partners receive performance-based compensation from all of Ospraie's clients (except the Ospraie Fund which is currently being wound-down). However, the variation of performance-based compensation structures among Ospraie's clients may create an incentive for Ospraie to direct the best investment ideas to, or to allocate or sequence trades in favor of, clients that pay or allocate performance-based compensation.

Ospraie has procedures designed and implemented to provide reasonable assurance that all clients are treated fairly and equally. Specifically, Ospraie maintains procedures designed to address the allocation of investment opportunities among clients as well as the manner in which investments are valued. See Item 12. In addition, the Funds each retain a third party administrator which independently calculates, among other things, profit/loss allocations, management fees and performance-based compensation.

Although Ospraie generally manages the Managed Accounts on a *pari passu* basis with either the Ospraie Commodity Fund or the Ospraie Equity Fund, the investment performance of a Managed Account may differ from the investment performance of the applicable Fund due to numerous factors, including but not limited to, (i) the frequency of additions and withdrawals of assets to applicable accounts; (ii) different counterparty fees and expenses associated with applicable accounts; (iii) relative differences in account balances; (iv) trading following additions or withdrawals of capital to an account; (v) tax, legal or regulatory requirements; and (vi) any other risk parameters, instructions or restrictions imposed by a particular client.

Separately managed accounts may be managed *pari passu* with the Commodity Fund and Equity Fund or may have similar, more concentrated portfolios than are permitted in accordance with the risk parameters

of the Funds. Accounts managed *pari passu* with either the Commodity Fund or the Equity Fund, or managed pursuant to a separate investment strategy, may be added in the future. The terms of such future accounts may differ from the terms applicable to the Fund investments.

Item 7 – Types of Clients

Ospraie primarily provides investment advice to the Funds and the Managed Accounts, as described above. Investors in Funds and the account holders of Managed Accounts may include corporate and other institutional clients and clients that are formed for the purpose of investment and are exempt from registration under Section 3(c)(7) of the Company Act.

Investors in the Funds are generally required to make a minimum initial investment of \$1 million to \$5 million, as described in the applicable Fund’s respective Memorandum. Such minimum investments, however, may be (and have been) waived or modified by the applicable General Partner or board of directors of the respective Fund, in their sole discretion. Clients that establish a managed account with Ospraie are generally required to establish an account or accounts with a total notional investment of capital of at least \$50 million; provided that such minimum amount may be modified by Ospraie in its sole discretion.

In order to invest in any of the Ospraie Funds or establish a managed account with Ospraie, an investor must be an accredited investor and, if subject to a performance fee, must be a qualified client as defined by Section 205 of the Advisers Act and Rule 205-3 thereunder. Additionally, all investors in the Funds exempted from the definition of “investment company” by virtue of Section 3(c)(7) of the Company Act must be “qualified purchasers” as defined in Section 2(a)(51) thereof and the rules thereunder. See Item 4.

Ospraie is under no obligation to accept any client and may decline acceptance of a client in its sole discretion.

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

Methods of Analysis

Ospraie relies significantly upon fundamental research in selecting and monitoring commodities investments. In doing so, Ospraie seeks to determine microeconomic imbalances or inevitabilities that will drive a commodity’s price over a medium or long term cycle. Ospraie’s research process attempts to incorporate multiple variables that determine the end price of a commodity, including, but not limited to, the available supply of the commodity and the cost of production including extracting or harvesting, transporting, processing and distributing such commodity. It also incorporates current and projected demand for the commodity based on relative and absolute price levels and global economic factors. In addition, the relative availability of inventory in respect to a specified commodity to the world markets is factored into Ospraie’s analytical model.

In selecting and monitoring equity investments, Ospraie combines its expertise in the commodity industries with a heavy focus on asset quality and management ability and skill within individual companies. Ospraie utilizes a fundamental analysis of each company, with a subjective overlay as to the

relative strength of its management versus its immediate competition. Ospraie also seeks to determine on a timely basis catalytic events that differentiate one company from its peer group.

Ospraie obtains its underlying research data from a variety of sources, including, but not limited to, electronic data services, industry publications and periodicals, third party research providers, meetings with company management, meetings with various consultants, conferences and brokerage meetings, and various other sources.

General Investment Strategies

Ospraie trades Commodity and Basic Industry investments on United States and non-United States exchanges and markets, including over-the-counter markets and emerging markets (“Investments”). Commodity sectors traded include, but are not limited to, energy, industrial metals, precious metals, grains, softs/meats, freight and related markets; and commodity and basic industry equity sectors traded include, but are not limited to, energy, industrials, materials, agriculture, transportation and associated markets. Ospraie trades Investments in publicly offered and privately placed transactions, on spot, current, future, forward, and when-issued delivery, settlement, and optional commitment bases, on margin, collateral, and partial and full payment bases, and in circumstances where Investments may be restricted as to transferability or disposition. Ospraie takes long, short, speculative, and hedged positions; utilizes various forms of leverage; and engages in stock lending transactions and foreign exchange for hedging. While Ospraie typically trades based upon its long-term fundamental views, it also regularly engages in short-term trades intended to capitalize on short term volatility in core portfolio positions.

On behalf of its clients, Ospraie borrows, lends, and pledges money and Investments and engages in financing transactions, including purchasing securities on margin, engaging in repurchase and reverse repurchase transactions, and providing financings to public and private companies (which are often convertible, or accompanied by instruments convertible, into equity interests). To facilitate such transactions, Ospraie’s clients have established trading lines and lines of credit with certain banks, brokers and dealers. Ospraie may also leverage the capital of the Funds and Managed Accounts with options, commodity futures contracts, short sales, swaps, credit default swaps, forwards and other derivative instruments. In addition, the low margin or premiums normally required in futures trading may provide a large amount of leverage.

The Special Opportunities Funds also invest in commodities, natural resources and basic industries, and such Investments may be made by Ospraie Advisors across a number of structures with varying liquidity and time horizon parameters, including, without limitation: (i) structured/project investments in mature and developing markets globally; (ii) strategic distressed investments in debt securities of issuers under financial duress, where such securities are likely to be converted into equity or equity-like securities in a reorganization; (iii) strategic public equity, including investments representing a significant interest in the public equity securities of an issuer where, by virtue of such ownership, the fund may influence the financial and/or strategic affairs of such issuer; (iv) crisis investing, including opportunistic investing created by political, currency, specific industry or other crises; and (v) private equity/manager backing, including equity investments in buyout and recapitalization transactions of both public and private entities typically conditioned upon a pre-defined operating strategy of an experienced team. Other than as needed for follow on investments, hedging investments, expenses and liabilities, the Special Opportunities Funds are currently returning capital to investors following portfolio realizations.

Ospraie may also invest in investments other than Commodity and Basic Industry Investments. The respective strategies that may be used by Ospraie are described in detail in the Memorandum or IMA of each client.

Key Risks of Ospraie's Investment Strategies

Below is a summary of potentially material risks for the significant Ospraie investment strategies used, the methods of analysis used, and/or the particular types of investments that a Fund or Managed Account may invest in. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in a Fund or Managed Account. Investors should ultimately refer to the applicable Memorandum or IMA, as the case may be, for detailed risk disclosures that specifically address the risks for each Fund's or Managed Account's investment strategies, methods of analysis or types of investments.

All investing involves a risk of loss that investors should be prepared to bear, including the risk that the entire amount invested may be lost. The investment strategies offered by Ospraie could lose money over short or long periods of time. Identifying undervalued securities and other assets is difficult, and there are no assurances that Ospraie's investment strategies will succeed. Ospraie cannot give any guarantee that it will achieve the investment objectives it establishes for a client or that any client will receive a return of its investment.

Please note that the use of the term "investor" in this section may refer to either an investor in a Fund or an account holder of a Managed Account.

Concentration of Holdings. At certain times, client accounts may hold a few, relatively large (in relation to their capital) investment positions in the same or similar financial instruments, markets or industries or that individually or in the aggregate exhibit substantial price volatility, with the result that a loss in any such position could have a material adverse impact on portfolio values. To the extent that Ospraie makes such concentrated investments, the exposure to credit and market risks associated with such financial instruments, markets or industries will be increased.

Hedging Strategies. Ospraie is not required to attempt to hedge portfolio positions and, for various reasons, may determine not to do so. Furthermore, Ospraie may not anticipate a particular risk so as to hedge against it. Ospraie may utilize financial instruments, both for investment purposes and for risk management purposes, in order to (i) protect against possible changes in the market values of clients' investment portfolio resulting from fluctuations in the commodity markets, (ii) protect the unrealized gains in the value of client investment portfolios, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment, (v) hedge the interest rate or currency exchange rate on any liabilities or assets, (vi) protect against any increase in the price of any commodities Ospraie anticipates purchasing at a later date or (vii) for any other reason that Ospraie deems appropriate.

Leverage and Financing Risks. Ospraie may use leverage in connection with its investment program. Accordingly, Ospraie may pledge client assets in order to borrow additional funds for investment purposes. Leverage may also be created through the use of options, commodity futures contracts, short sales, swaps, credit default swaps, forwards and other derivative instruments. While leverage presents opportunities for increasing the total return on investments, it has the effect of potentially increasing

losses as well. Accordingly, any event which adversely affects the value of an investment could be magnified to the extent leverage is utilized.

In addition, the low margin or premiums normally required in futures trading may provide a large amount of leverage. As a result, a relatively small change in the price of a commodity or futures contract can produce a disproportionately larger profit or loss.

Necessity for Counterparty Trading Relationships; Counterparty Risk. Ospraie has established relationships to obtain financing, derivative intermediation and prime brokerage services that permit Ospraie to trade in a variety of markets or asset classes over time; however, there can be no assurance that Ospraie will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit Ospraie's trading activities could create losses, preclude accounts from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent Ospraie from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before Ospraie establishes additional relationships could have a significant impact Ospraie's business due to Ospraie's reliance on such counterparties.

Some of the markets in which Ospraie may effect transactions are not "exchanged-based", including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes client accounts to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing clients to suffer losses. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Ospraie has concentrated its transactions with a single or small group of counterparties. Generally, Ospraie will not be restricted from dealing with any particular counterparties. Ospraie's evaluation of the creditworthiness of counterparties may not prove sufficient and the absence of a regulated market to facilitate settlement may increase the potential for losses by clients.

Counterparty Insolvency. Client assets may be held in one or more accounts maintained by counterparties, including its futures commission merchants. There is a risk that any of such counterparties could become insolvent and/or subject to insolvency proceedings. The insolvency of counterparties is likely to impair the operational capabilities of Ospraie and limit access to client assets. There also exists the risk that the recovery of client assets from counterparties could be delayed or be of a value less than the value of the instruments or assets originally entrusted to such counterparties.

In addition, Ospraie may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in foreign jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to client assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on clients' assets.

Exchange Rate Fluctuations; Currency Considerations. Ospraie may invest a portion of clients' assets in the instruments denominated in non-U.S. currencies, the prices of which are determined with reference to

currencies other than the U.S. dollar. Ospraie may hedge its non-U.S. currency exposure, but it may not always be practicable or economical to do so. Moreover, Ospraie may choose not to enter into hedging transactions in order to obtain the non-U.S. currency exposure associated with such investments. To the extent unhedged, the value of clients' positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which Ospraie makes its investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of clients' investments in their local markets and may result in losses to client accounts.

Furthermore, accounts may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to Ospraie at one rate, while offering a lesser rate of exchange should Ospraie desire immediately to resell that currency to the dealer. Ospraie will conduct currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non U.S. currencies. It is anticipated that most currency exchange transactions will occur at the time non-U.S. investments are purchased and will be executed through the local broker or custodian.

Commodity Interest Trading is Speculative and Volatile. The prices of financial instruments in which Ospraie may invest can be highly volatile. Prices and trading volumes for certain commodities have experienced significant volatility in recent months. Price movements of contracts are influenced by, among other things: changing supply and demand relationships; weather and climate conditions; trade, fiscal, monetary, and exchange control programs and policies of governments; political and economic events and policies; changes in interest rates and rates of inflation; currency devaluations and revaluations; and emotions of the marketplace. Governments from time to time intervene, directly and by regulation, in certain markets, particularly those dealing in precious metals. Such intervention is often intended to influence prices directly.

Futures Trading May Be Illiquid. It is not always possible to execute a buy or sell order for a futures contract at the desired price or to close out an open position due to market illiquidity. Such illiquidity can be caused by intrinsic market conditions, the interrelationship between or among markets, or extrinsic factors like the imposition of daily price fluctuation limits. Most United States futures exchanges limit fluctuations in certain commodity futures and option contract prices during a single day (or part thereof) by regulations referred to as "daily price fluctuation limits" or "daily limits." Pursuant to such regulations, during a single trading day, no trades may be executed at prices beyond the daily limits. Prices in various contracts have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Ospraie from promptly liquidating unfavorable positions and subject clients to substantial losses.

It also is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Speculative Position Limits. The CFTC and various exchanges impose speculative position limits on the number of futures positions that may be held in particular commodities. All open futures positions held in accounts on behalf of the Managed Accounts or the Funds or by any person or persons who are acting

in concert with Ospraie will be aggregated for the purpose of determining such position limits unless such positions are disaggregated pursuant to applicable regulatory authority or relief. Ospraie may, but is not obligated to, seek such disaggregation relief, but there are no assurances that any attempts to obtain such relief will prove successful. While Ospraie will endeavor to treat clients fairly in the allocation of suitable investment opportunities, it may not always be possible for each client account to participate in an investment opportunity to the full extent that would otherwise be possible. Accordingly, Ospraie may be required to liquidate futures positions to comply with such limits, with the result that: (i) Ospraie, might be unable to enter into or hold certain positions if the accounts managed or controlled by Ospraie exceed the applicable limits, and (ii) it is possible that trading decisions may have to be modified from time to time, investment opportunities forgone or limited and/or positions liquidated to avoid exceeding applicable position limits.

Failure of Futures Commission Merchants. Under the U.S. Commodity Exchange Act, futures commission merchants are required to maintain customers' assets in a segregated account. To the extent that Ospraie engages in futures and options contract trading and the futures commission merchants fail to segregate client assets, client will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants. In certain circumstances, Ospraie might be able to recover, even with respect to property specifically traceable to client accounts, only a pro rata share of all property available for distribution to a bankrupt futures commission merchant's customers.

Cash Commodities. Ospraie may from time to time trade physical or cash commodities for immediate or deferred delivery. Cash transactions relate to the purchase and sale of specific physical commodities and such contracts may differ from each other with respect to terms such as quantity, grade, mode of shipment, terms of payment, penalties and risk of loss. There is no limit on daily price movements of cash commodities. Lastly, the CFTC does not comprehensively regulate cash transactions, which are subject to the risk of the foregoing entities' failure, inability or refusal to perform with respect to such contract.

Spot and Forward Contracts. Ospraie may enter into spot and forward contracts on commodities. Spot and forward contracts are not traded on exchanges, and as a consequence investors in such contracts do not benefit from the regulatory protections of exchanges or governmental or regulatory authorities in any jurisdiction; rather, banks, broker-dealers, or their affiliates act as principals in these markets.

Because Ospraie enters into spot and forward contract transactions directly with a counterparty and because the performance of a spot and forward contract is not guaranteed by any exchange or clearing organization, clients are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the principals with which Ospraie. In addition, spot and forward contract transactions for client accounts generally do not benefit from other safeguards that are applicable to intermediaries in certain exchange-traded markets, including clearing organization guarantees, daily mark-to-market valuation and settlement of positions, segregation of monies and property, and minimum capital requirements. Any such failure or refusal (whether due to insolvency, bankruptcy, default, or other cause) could subject clients to substantial losses. Ospraie will not be excused from the performance of any spot or forward contracts into which it has entered due to the default of third parties in respect of spot or forward contracts or other transactions that were to have substantially offset such contracts.

Non-U.S. Investments. Ospraie may trade futures, options and forward contracts on commodity exchanges and markets located outside the United States where CFTC regulations do not apply. Some non-U.S. exchanges, in contrast to U.S. exchanges, are "principals' markets" in which performance is the

responsibility only of the individual member with whom the trader has entered into a commodity contract and not of an exchange or clearing corporation. In such a case, clients' accounts are subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts. In addition, the trading of forward contracts on certain non-U.S. commodity exchanges may be subject to price fluctuation limits.

Ospraie may invest a portion of its assets in securities of non-U.S. corporations, which are traded in non-U.S. markets. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Investing in commodities and in the securities of companies in non-U.S. countries may involve certain considerations not usually associated with investing in securities of U.S. companies or U.S. markets or on U.S. exchanges, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict Ospraie's investment opportunities. In addition, accounting and financial reporting standards that prevail in such countries generally are not equivalent to U.S. standards and, consequently, less information is available to investors in companies located in such countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities and commodities markets in such countries than there is in the U.S.

Options. Clients may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (where 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 if the option expires out of the money.

There are also risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (where 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 sale price of the short position of the underlying security offset by the premium if the option expires out of the money, and thus the gain in the premium, and the option seller gives up the opportunity for gain on the underlying security 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 to zero. The buyer of a put option assumes the risk of losing the premium if the option expires out of the money.

Options may be exchange traded or traded over-the-counter (off the exchange markets) directly with dealers. To the extent an over-the-counter option is a tailored investment for Ospraie, it may be less liquid than an exchange-traded option. Further, as with other derivative investments, over-the-counter options are subject to counterparty risk. Ospraie will have the credit risk that the seller of an over-the-counter option will not perform its obligations under the option agreement if Ospraie exercises the option.

Commodity-Related Instruments. The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability, commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities. Commodity-related instruments may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

Natural Resource Investments. In the past, natural resources have been subject to substantial price fluctuations over short periods of time. Such prices are affected by various factors, including economic conditions, political events, natural disasters, exploration and development success or failure, and technological changes. In addition, certain natural resources are geographically concentrated, and events in those parts of the world in which such concentration exists may affect their values.

Industrial Metals Investments. Industrial metal commodities are subject to a number of factors that can lead to price fluctuations, which could adversely affect the value of Ospraie's investments. In addition to the factors affecting commodities generally that are described above, the industrial metal commodities are subject to a number of additional factors that can cause price fluctuations, including (i) changes in the level of industrial activity using these metals (including the availability of substitutes such as man-made or synthetic substitutes); (ii) disruptions in the supply chain, from mining to storage to smelting or refining; (iii) adjustment to inventory; (iv) variations in production costs, including storage, labor and energy costs; (v) costs associated with regulatory compliance, including environmental regulations; and (vi) changes in industrial, government and consumer demand, both in the United States and internationally. For example, with respect to aluminum, the level of activity in the automotive, packaging and construction sectors has significantly influenced demand because of the use of aluminum in these sectors. If demand is low, there could be an oversupply of aluminum, which would lead to downward pressure on prices and consequently have a negative effect on the value of a Fund or managed account if it has established a long position in aluminum. Disruptions in the supply chain also have an impact on the price of the underlying commodities in a client's portfolio as many industrial metals are often mined in locations that are subject to disruption as a result of political instability, armed conflict, terrorism or labor unrest, among other factors.

Precious Metals Investments. Ospraie may invest in precious metal bullion (including silver, platinum, and palladium) which has no numismatic value. In addition, Ospraie may invest in coins derived from bullion which have no numismatic value. The value of coins moves correspondingly with the price of bullion in that the value of coins is based primarily on their precious metal content. Since such investments do not generate any investment income, the sole source of return from such investments would be from gains realized on sales of the coins or bullion, and a negative return would be realized to the extent such coins or bullion are sold at a loss. Precious metals incur storage costs that are higher than the custody fees paid on financial assets. Precious metals trading is a speculative activity. Prices of precious metals are affected by factors such as cyclical economic conditions, political events, and

monetary policies of various governments and countries. Gold and other precious metals are also subject to governmental action for political reasons. Markets are therefore at times volatile, and there may be sharp fluctuations in prices even during periods of rising prices.

Energy Investments. Ospraie may invest in the global energy markets, which are sensitive to, among other things, fluctuations in fuel supply and demand, interest rates, seasonal fluctuations, special risks of constructing and operating facilities, lack of control over pricing, merger and acquisition activity and regulation. Oil and gas prices have been, and are likely to continue to be, volatile and subject to wide fluctuations. As a result of the foregoing, a client's portfolio may be affected by such factors.

Agriculture Investments. Agriculture commodities are sensitive to changes in, among other things, climate, crop and livestock health, world political events, international and regional trade contracts, labor contracts, transportation systems and crop predictions. As a result, client portfolio values may be affected by such factors.

Natural Gas Investments. The price of natural gas has experienced significant periods of volatility. Among the factors that can cause volatility in the price of natural gas are: (a) worldwide or regional demand for energy, (b) the domestic and foreign supply and inventories of oil and gas; (c) weather conditions, (d) availability and adequacy of pipeline and other transportation facilities; (e) domestic and foreign governmental regulations and taxes; (f) political conditions in gas or oil producing regions; (g) the ability of members of the Organization of Petroleum Exporting Countries ("OPEC") to agree upon and maintain oil prices and production levels; (h) the price and availability of alternative fuels; and (i) the impact of energy conservation efforts. Moreover, the exploration for, and production of, natural gas is an uncertain process with many risks. The cost of drilling, completing and operating wells for natural gas is often uncertain, and a number of factors can delay or prevent drilling operations or production. In addition, natural gas transmission, distribution, gathering, and processing activities involve numerous risks that may affect the price of natural gas.

Equity Securities. Ospraie may invest in the securities of small and development-stage companies, which securities may be subject to more abrupt or erratic market movements than securities of larger, more established companies, because there is less marketplace information regarding smaller companies, such securities typically are traded in lower volume and such companies typically are subject to a greater degree to changes in earnings and prospects.

Liquidation of Securities. Dispositions of securities may be effected through, among other methods, open market sales, inclusion in public offerings in which insiders may liquidate their holdings, or divestiture through privately negotiated sales to private sector buyers. Timing of the disposition of securities is critical to realizing optimal returns on investments, and depends on the issuer's performance, the judgment of controlling investors as to value, financial market conditions and opportunities, and governmental restrictions or incentives, some or all of which may influence the possibility or profitability of such disposition. There can be no assurance that there will be a market for the holdings when Ospraie believes it appropriate to dispose of them.

Short Selling. Short selling involves selling securities which are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which Ospraie engages in short sales will depend upon the Funds' investment strategy and opportunities. 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 Ospraie of buying those securities to cover the short position. There can be no assurance that Ospraie will be able to maintain the ability to borrow securities sold short. In such cases, Ospraie 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.

Stock Index Options. Ospraie may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the portfolio correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the portfolio realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use of options on stock indices will be subject to Ospraie’s ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments.

Derivatives; Swaps. Ospraie may purchase and sell derivatives. “Derivatives” are financial instruments or contractual arrangements whose economic results depend upon, or are derived by reference to, other securities (equity or fixed income), commodities, currencies, interest rates, indices, or other assets, the relative values of two or more items or assets, economic or other activities, or other items. Some derivatives are standardized instruments, such as futures contracts or options traded on recognized exchanges. Other derivatives are directly negotiated contractual arrangements with one or more counterparties. Terms, conditions and characteristics of derivatives vary widely, and new structures and products are developed continually. Such products are often complex, involve significant leverage, and are dependent upon credit and other considerations affecting the ability or willingness of the counterparties with which Ospraie deals to perform as anticipated. In general, derivatives involve a high degree of risk (including the possibility of total loss) as well as the opportunity for gain.

Swap transactions are privately negotiated, non-standardized derivative agreements between Ospraie and a counterparty to exchange or swap investment cash flows or assets at specified intervals in the future measured by different commodities or other items, indices, or prices, with payments generally calculated by reference to a principal (“notional”) amount or quantity. Swap trading is similar to the spot and forward markets in that banks, broker-dealers or their affiliates generally act as principals in the swap markets, and Ospraie is subject to risks similar to those described in the discussion of the spot and forward markets, below.

Other Derivative Instruments. Ospraie may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Fund and legally permissible. Special risks may apply to instruments that are invested in by Ospraie in the future that cannot be determined at this time or until such instruments are developed or invested in. 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.

Debt Securities Generally. Ospraie may invest in private and government debt securities and instruments. Ospraie may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. 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. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

Emerging Market Investments. Ospraie may invest a portion of Client assets in securities of companies based in emerging countries or issued by the governments of such countries. Emerging markets have different clearance and settlement procedures than those in developed markets, and in certain financial markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when a portion of the assets of each Fund is uninvested and no return is earned thereon. The inability to make intended securities purchases due to settlement problems could cause a miss potential investment opportunities. Inability to dispose of securities due to settlement problems either could result in losses due to subsequent declines in the value of the securities or, if entered into a contract to sell the securities, could result in possible liability to the purchaser.

Foreign investment in certain instruments is restricted or controlled to varying degrees in certain emerging markets. These restrictions or controls may at times limit or preclude foreign investment in certain emerging market instruments and increase the costs and expenses. Certain emerging markets require prior governmental approval of investment by foreign persons, limit the amount of investment by foreign persons in a particular company, limit the investment by foreign persons only to a specific class of securities of a company that may have less advantageous rights than the classes available for purchase by domiciliaries of the countries, or impose additional taxes on foreign investors. Certain emerging markets may also restrict investment opportunities in issuers in industries deemed important to national interests. Additionally, certain emerging markets may require governmental approval for, or otherwise restrict, the repatriation of investment income, capital, or proceeds of sales of securities by foreign investors.

Control Positions. Ospraie may seek certain investment opportunities that allow it to have significant influence on the management, operations and strategic direction of certain of the portfolio companies in which it invests. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets to claims by such portfolio company, its security holders and its creditors. While Ospraie intends to manage Client assets in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Ospraie may also make minority equity investments in portfolio companies where it may have limited influence. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of the Client, and Ospraie may not be in a position to limit or otherwise protect the value of its investment in such portfolio companies. Control over the investment policies of the portfolio

companies may also be limited. This could result in investments being frozen in minority positions that incur substantial losses.

Portfolio Company Leverage. Ospraie's investments, in particular, certain private equity investments, may include portfolio companies whose capital structures have significant leverage. The leveraged capital structure of such portfolio companies will increase the exposure of the portfolio companies to adverse economic factors, such as rising interest rates, downturns in the economy or deteriorations in the condition of such company or its industry. In the event that such a portfolio company is unable to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness, the value of the investment in such company could be significantly reduced or even eliminated.

Disposition of Private Investments. Private equity investments will involve private securities. In connection with the disposition of an investment in private equity investments, Ospraie may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. Ospraie also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in the incurrence of contingent liabilities that may ultimately yield funding obligations.

Event-Driven Investing. Event-driven investing requires making 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 anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting 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 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 U.S. 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 operations may be expected to fluctuate from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Distressed Securities. Ospraie may invest in securities of companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns, they involve a substantial degree of risk. Any one or all of the issuers of the securities may invest may be unsuccessful or not show any return for a considerable period of time. 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 Ospraie will correctly evaluate the value of the assets collateralizing loans or the prospects for a successful reorganization or similar action.

In any reorganization or liquidation proceeding relating to a company in which Ospraie invests, Ospraie may lose its entire investment, may be required to accept cash or securities with a value less than the original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from investments may not compensate the shareholders adequately for the risks assumed.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by Ospraie. To the extent that Ospraie becomes involved in such proceedings, an investor may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, involvement by Ospraie in an issuer's reorganization proceedings could result in the imposition of restrictions limiting the ability to liquidate the position in the issuer.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the investment adviser or the integrity of the investment adviser's management. Ospraie has no legal or disciplinary events to report at this time.

Item 10 – Other Financial Industry Activities and Affiliations

Ospraie Affiliates

As discussed above, Ospraie Advisors, an affiliate of Ospraie Management, serves as the investment manager to the Special Opportunities Funds. Additionally, certain affiliated entities of Ospraie serve as the General Partners.

Relationships or Arrangements with Industry Participants

Credit Suisse

An affiliate of Credit Suisse (the "CS Affiliate") owns a 5% passive interest in Ospraie and has an additional passive interest in Ospraie Advisors, but has no involvement in the investment decisions made in connection with the Ospraie clients. Such interest held by the CS Affiliate may create an incentive for Ospraie to continue to use the services of Credit Suisse in connection with a client's brokerage and clearing activities even though other brokers may provide better services in terms of quality and cost. Notwithstanding this potential conflict of interest, Ospraie selects brokers on behalf of each client in accordance with its fiduciary obligations.

Wingspan, Wilton Agricultural Strategies and Tropical Research Services

In 2005, Ospraie developed a multi-manager investment platform, Ospraie Wingspan, and Ospraie or Credit Suisse provided initial seed capital to selected investment management entities (collectively referred to herein as "Seeded Managers"). The seed capital has since been returned by all but one Seeded Manager, although Ospraie continues to receive a portion of the net revenue earned by two of the Seeded Managers: Merchants' Gate Capital LP and Arias Resource Capital Management LP.

Two of the research providers utilized by Ospraie are Wilton Agricultural Strategies, LLC ("WAS") and Tropical Research Services ("TRS"). WAS provides Ospraie with access to four commodities research analysts and TRS provides Ospraie access to one commodities research analyst, each of whom provide research related to specified commodity sectors. The WAS and TRS research analysts are a resource which is shared by Ospraie and certain of the Seeded Managers. Third-party research costs incurred by WAS and TRS are charged to clients of Ospraie and such Seeded Managers on a pro-rata basis based on the net asset or notional value of each applicable client account. In addition, WAS and TRS receive compensation from Ospraie based upon certain pre-agreed operating costs of those firms, and may receive a portion of management fees or performance-based compensation earned by Ospraie.

ParkRiver

Personnel formerly associated with Ospraie Services Group ("OSG"), a wholly owned subsidiary of Ospraie that provided middle and back office services to Ospraie and certain Seeded Managers, established ParkRiver Fund Solutions, LP ("ParkRiver") in January 2011 as an independent business focused on providing middle and back office services to Ospraie and other alternative investment managers. ParkRiver has continued to provide Ospraie the same services as OSG on a day-to-day basis, including assistance with respect to trade confirmation and settlement, financial reporting, financing and counterparty credit, legal and regulatory support, accounting, collateral management, investor relations and marketing support, tax compliance, treasury and valuation support.

In consideration for the provision of such services and support, ParkRiver is paid a fee based on Ospraie's assets under management and a percentage of performance based compensation received by Ospraie. As a result of Ospraie's role in establishing OSG and agreeing to retain ParkRiver for an initial three year term, Ospraie retains an economic interest in ParkRiver, including a reduced fee structure and rights in the event of a sale of the business. Generally, all fees due to ParkRiver in consideration of services rendered to Ospraie and the Funds pursuant to its services agreement are borne by Ospraie and not by Fund or Managed Account investors, unless specifically set forth in the offering documents of a Fund or in the IMA relating to a Managed Account; provided that Ospraie may engage ParkRiver for other supplemental projects or services (e.g. tax return preparation, regulatory filing preparation) relating to the Funds or Managed Accounts, the expenses of which may be borne by the Funds or Managed Accounts in accordance with the related Offering Memorandum or IMA.

While ParkRiver is located at the same location as Ospraie's offices, they have separate physical access and computer servers to ensure information segregation consistent with their management autonomy.

Teays

One of the portfolio investments of the Special Opportunities Funds includes participation by those Funds in Ag Real Value Fund, LLC (the "Ag Fund"). The Ag Fund was created to invest in farmland assets and pools or portfolios thereof, real estate companies with operations connected to farmland assets and other short term investments. The Ag Fund's investors include the Special Opportunities Funds as well as third party investors. The Special Opportunities Funds also participate as the majority member of Teays River Investments, LLC ("Teays"), which serves as the parent company of the entity that controls and manages the Ag Fund, and owns and manages other investments in which the Special Opportunities Funds participate. As a result, employees and officers of Ospraie Management and Ospraie Advisors serve as board members of Teays and on the advisory committee of the Ag Fund, while certain individuals unaffiliated with Ospraie are primarily responsible for the day to day activities of Teays.

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

Code of Ethics

Ospraie’s Code of Ethics (the “Code”) sets forth a standard of business conduct expected of all Ospraie employees, reflecting Ospraie’s fiduciary obligations, supervisory requirements, and duty to comply with applicable federal securities laws.

Additionally, the Code requires Ospraie’s employees to report their personal securities holdings and transactions to Ospraie’s Chief Compliance Officer or his designee. The Code requires each employee’s broker-dealer to provide duplicate personal account statements and trade confirmations directly to Ospraie. The Code also requires Ospraie to review these reports periodically. Ospraie does not permit any employee to participate in initial public offerings or purchase private placements without the prior approval of the Chief Compliance Officer or his designee.

Ospraie will provide a copy of the Code to any client or prospective client upon request.

Personal Trading

All Ospraie employee personal trades (e.g., purchases or sales of long positions, entering into or covering short positions) must be pre-cleared by the Chief Compliance Officer or his designee for all covered securities which include all securities, futures, forward and options on futures, closed-end or exchange traded funds, private placements and other derivatives contracts, other than mutual funds, direct obligations of the U.S. government, money market funds and similar instruments. Generally, pre-approval to purchase or sell a long position, or enter into or cover a short position, will not be granted with respect to any security in which a client is invested or may be expected to invest. Additionally, most personal positions must be held for not less than 30 calendar days. Any exceptions to this policy must be expressly approved by the Chief Compliance Officer or his designee.

Ospraie’s personal trading policy is designed to prevent Ospraie employees (which includes for purposes of the policy spouses, children or other dependents residing with the employee) from purchasing securities that are owned by an Ospraie client. Due to the timing of purchases and sales however, there may be certain instances when a related person owns securities which are subsequently purchased for Ospraie clients. In such instances, such related persons will generally not have the ability to sell such securities until 15 days after the applicable Ospraie client has sold the relevant securities.

At times, officers and employees of Ospraie (or their immediate family members) may invest in the Funds, either through interests in a Fund’s General Partner or through the purchase of limited partnership or other ownership interests. Principals and eligible employees of Ospraie who invest in the Funds do not pay any management or incentive fees or may pay reduced fees, but are subject to the same expenses and redemption terms as other investors.

Cross Trades

In limited circumstances, Ospraie may cross trade securities between its fund clients. Such cross trades will be executed by an independent broker-dealer on an agency basis at the current fair market value as determined by such broker-dealer and/or in a manner otherwise consistent with Ospraie’s fiduciary obligations. Cross trades will not be executed for any client where such trade would not be permitted under applicable law (e.g., under the Employee Retirement Income Security Act of 1974 (“ERISA”)).

Additional Considerations

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Ospraie its affiliates and its personnel (each an “Advisory Affiliate” and, collectively, the “Advisory Affiliates”). Ospraie has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances.

In addition, Ospraie may give advice or take action with respect to the investments of one or more Funds or Managed Accounts that may not be given or taken with respect to other Funds or Managed Accounts with similar investment programs, objectives, and strategies. Accordingly, although the Funds and the Managed Accounts may have similar strategies, they may not hold the same securities or instruments or achieve the same performance. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients.

The Advisory Affiliates may also have ongoing relationships with companies whose securities are in or are being considered for Ospraie’s clients. Ospraie recognizes that conflicts may arise under such circumstances and will endeavor to treat all clients fairly and equitably.

Item 12 – Brokerage Practices

Trading and Execution

Ospraie has the authority to select prime brokers, executing brokers and futures commissions merchants (collectively, the “Brokers”) for each of the Funds. Ospraie suggests that clients who establish Managed Accounts utilize the same Brokers as those selected for the Funds. Client assets will generally be cleared and custodied at major global broker-dealers including, but not limited to, Morgan Stanley, Credit Suisse, and Goldman Sachs.

Ospraie utilizes many Brokers, including those referenced above, to execute trades for its clients. Prior to engaging Ospraie to provide investment advisory services, each client is required to enter into (i) a formal agreement with Ospraie (generally as part of the limited partnership agreement for US Funds or an investment management agreement for Offshore Funds or clients that establish Managed Accounts) setting forth the terms and conditions under which Ospraie will manage the client’s assets, and (ii) a separate custodial/clearing agreement with each prime broker and futures commission merchant.

Factors that Ospraie considers in recommending or utilizing a Broker may include (i) the price, (ii) the Brokers’ facilities, reliability and relative creditworthiness, (iii) the ability of the Broker to effect the transactions, (iv) the provision or payment by the Broker of the costs of brokerage or research products or services, and (v) the ancillary services provided by such Broker such as capital introduction services, the generation of investment ideas and research services provided. The commissions and/or transaction fees charged by a Broker may be higher or lower than those charged by other broker-dealers. Ospraie will not receive any portion of the brokerage commissions and/or transaction fees charged to clients. The brokerage commissions and/or transaction fees charged by any Broker are exclusive of, and in addition to, Ospraie’s management fee. Although the commissions paid by Ospraie’s clients will comply with Ospraie’s duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Ospraie determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether

the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Ospraie will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Ospraie will periodically evaluate the execution performance of Brokers executing its transactions.

Soft Dollars

In return for effecting securities transactions through a Broker, Ospraie may receive certain investment research products and related services which assist Ospraie in its investment decision-making process for the client, all of which are generally intended to be in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Ospraie also may, from time to time, engage in soft dollar transactions involving instruments outside of the safe harbor (*e.g.*, futures), provided the goods and services received from such transactions are of the type that fall within Section 28(e) of the Exchange Act. Research products and related services furnished by Brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies, data and forecasts; statistics and pricing services; as well as discussions with research personnel and other services utilized in the investment management process.

Although the investment research products and/or services that are obtained by Ospraie may be used to service some or all of Ospraie's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Any account subject to ERISA will only participate in soft dollars to the extent: (i) set forth in the disclosure materials for such account, and (ii) any such soft dollar participation of the ERISA account meets all the conditions of Section 28(e) of the Exchange Act.

Aggregation and Allocation

Ospraie will generally execute transactions for clients on an aggregated basis when Ospraie believes that to do so will allow it to obtain best execution and to negotiate more favorable commission rates or avoid certain transaction costs that might have otherwise been paid had such orders been placed independently. When aggregating orders across client accounts, the order and subsequent fills will generally be allocated among such clients based on a pre-set monthly weighting largely proportionate to such participating clients' relative assets under management (including available cash balances). To the extent Ospraie is allocating a trade among any two or more clients that are not managed *pari passu*, then a determination will be made prior to entering in such transaction as to the relative allocations of all participating clients. Reasons for allocating among clients may include (but are not limited to): a client's investment guidelines and restrictions, available cash, liquidity requirements, leverage targets, rebalancing total risk exposure across all clients, tax or legal reasons, and to avoid odd-lots or in cases when a normal allocation would result in a *de minimis* allocation to one or more clients. No client will be favored over any other client with respect to an aggregated order.

Certain clients are not legally (or otherwise) permitted to share in initial public offerings of equity securities ("IPOs") while other clients may participate in IPOs. Additionally, if any client is restricted from purchasing a particular security due to any legal, tax or other regulatory reason or voluntary limitation, such client will not be allocated any portion of such security irrespective of the pre-existing formula described herein. As a result, Ospraie will not be obligated to allocate an investment opportunity across all of its clients and may at times sell a position for one or more of its clients, while it continues to hold the position for other clients.

Trade Error Policies and Procedures

Except as set forth below, neither Ospraie nor any of its affiliates, will be liable to any Fund or investor in such Fund for: (i) any acts or omissions arising out of, or in connection with, the client, any investment made or held by the client or any governing agreement, unless such action or inaction was performed or omitted made in bad faith or constituted fraud, willful misconduct or gross negligence or (ii) any act or omission of any broker or agent, provided that such broker or agent was selected, engaged or retained by Ospraie with reasonable care. As a result, any negative or positive results of trading errors generally will be borne by the Fund, rather than by Ospraie or an affiliate, so long as Ospraie or such affiliate adheres to the foregoing standard of care. Each of Ospraie and its affiliates may consult with counsel and accountants in respect of the client's affairs and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such counsel and/or accountants, provided that they shall have been selected in good faith. The foregoing provisions will not be construed so as to provide for the exculpation of Ospraie or any affiliate for any liability (including liability under Federal securities laws which, under certain circumstances, impose liability even on persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law.

Trade errors made in respect of accounts subject to ERISA and certain Managed Accounts will be corrected as set forth in the applicable investment management agreements and/or disclosure documents, and in accordance with all applicable laws and regulations, which may be different than the Funds.

Additional Brokerage Considerations

From time to time, brokers (including prime brokers) may assist the Funds in raising additional funds from investors, and representatives of Ospraie may speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such "capital introduction" events, prospective investors in the Funds would have the opportunity to meet with representatives of Ospraie. Currently, neither Ospraie nor the Funds compensate any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do they anticipate doing so in the future. The Funds may accept subscriptions from investors who also provide services to the Funds, including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest that potentially could affect Ospraie's ability to seek best execution. While our relationship with brokers may influence Ospraie in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, Ospraie will not commit to allocate a particular amount of brokerage to a broker in any such situation. Furthermore, Ospraie conducts periodic best execution reviews in an effort to identify and mitigate compliance risks associated with brokerage relationships, and to determine that Ospraie is obtaining best execution for clients' accounts.

Item 13 – Review of Accounts

Ospraie's portfolio managers are responsible for evaluating securities (and other products) for investment, reviewing portfolios for each client and making asset allocation decisions. Daily reports of each client's portfolio positions and performance are provided to portfolio managers, every principal executive officer, and certain investment professionals. Each portfolio is reviewed on an ongoing basis according to the client's investment objectives and pursuant to the stated investment strategies of the respective Funds and Managed Accounts. Portfolios are reviewed for performance, liquidity, diversification, and risk.

The investors in each respective Fund receive monthly (or quarterly, in the case of the Special Opportunities Funds) statements detailing their account information, including the account's beginning and ending equity, and the account's performance for that period. Clients that have Managed Accounts with Ospraie receive daily reports in their capacity as account holder from applicable brokers detailing the estimated profits and losses for the account for that day. Additionally, each such client receives monthly reports detailing their account information, including the account's beginning and ending value, and the account's performance for that period.

Item 14 – Client Referrals and Other Compensation

Ospraie has in the past and may in the future enter into arrangements with marketing representatives or selling agents or other third parties whereby it agrees to pay a portion of its fees to such other parties in connection with the introduction of investors to the Funds. Any such arrangement will be disclosed to each applicable investor who is introduced to the Funds by an applicable third party introducer.

Transaction Fees

Ospraie Advisors and its affiliates may receive transaction, consulting, advisory, directors' (including in the form of options or warrants), break-up and other similar fees (collectively, "Transaction Fees") associated with investments or proposed investments or commitments made by the Special Opportunities Funds. Generally 80% of the Special Opportunities Funds *pro rata* share of any such Transaction Fees (net of related expenses) will be applied to reduce the related Fund's management fee. If necessary, management fee offsets will be carried forward. If a Transaction Fee relates to a particular investment, the offset to the management fee will be for the benefit of those investors having an interest in such investment *pro rata* in accordance with their respective interests therein.

Item 15 – Custody

Ospraie is generally deemed to have constructive custody of the assets of the Funds. However, it is not required to comply (or is deemed to have complied) with certain requirements of Rule 206(4)-2 under the Advisers Act (the "Custody Rule") with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that (i) each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and (ii) the Special Opportunities Funds distribute their audited financial statements to all its investors within 180 days of the end of its fiscal year and each other Fund distributes its audited financial statements to all investors within 120 days of the end of its fiscal year. Each Fund investor will receive the applicable Fund's audited financial statements within such number of days of its fiscal year end. Citco Fund Services (Curaçao) B.V. (and/or affiliates), as the administrator to each Fund, is responsible for distributing such reports to investors.

Item 16 – Investment Discretion

Ospraie, through its investment management agreements, generally maintains full investment discretion with respect to the Funds and the Managed Accounts, subject to any limitations specified in the relevant investment management agreement. In its role as a discretionary investment manager, Ospraie has the

authority to choose which investments are purchased or sold, the quantities of each investment to be purchased and sold and the broker through whom transactions are executed.

Item 17 – Voting Client Securities

The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rules, Ospraie has adopted proxy voting policies and procedures.

With the aim of ensuring that proxies are voted in the best interest of clients, Ospraie has engaged the Proxyedge service from Broadridge as its independent proxy voting service to handle the administrative mechanics of proxy voting, and Glass Lewis & Co. to provide voting recommendations. Glass Lewis is an unaffiliated, third party proxy voting research service, specializing in providing a variety of proxy-related services to institutional investment managers.

There may be occasions where the voting of proxies may present an actual or perceived conflict of interest between Ospraie and its clients. Ospraie will not vote proxies contrary to the best interest of its clients due to business or personal relationships with an issuer's management, participants in proxy contests, corporate directors or candidates for corporate directorships, or where Ospraie or an employee may have a personal interest in the outcome of a particular matter before shareholders. When there exists an actual or potential conflict of interest, Ospraie addresses these conflicts or appearances of conflicts by ensuring that proxies are voted in accordance with the recommendations made by Glass Lewis.

To the extent set forth in the applicable managed account agreement, account holders of certain Managed Accounts may direct Ospraie's vote with respect to such Managed Account in specific instances.

Clients may contact Ospraie to obtain information on how proxies were voted for such client and to request a copy of Ospraie's proxy voting policies and procedures.

Item 18 – Financial Information

Ospraie Management is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual and fiduciary commitments to its clients, nor has it been the subject to any bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Not applicable