

Orchard Hill Capital Management LP

Part 2A of Form ADV The Brochure

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This Brochure provides information about the qualifications and business practices of Orchard Hill Capital Management LP and its affiliates (collectively “Orchard Hill” or the “Company”). Additional information about Orchard Hill is also available on the SEC’s website at: www.adviserinfo.sec.gov. If you have any questions about the contents of this Brochure, please contact Orchard Hill’s Chief Compliance Officer at 212-521-1157.

Orchard Hill is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2. Material Changes

In April 2012, Orchard Hill filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Advisers Act, this is the first Brochure compiled by Orchard Hill to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

In the future, this item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's brochure and that may be important to them.

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Item 4. Advisory Business

Orchard Hill was formed by its principal owner Marc Fussteig in November 2009 and is the investment adviser to a “master-feeder” fund structure. Investment advice is provided directly to each fund and not individually to the limited partners or shareholders of the fund. The Company manages the assets of each fund in accordance with the terms of the governing documents applicable to each fund.

Currently, the Company provides investment advice to the following funds:

- Orchard Hill Master Fund Ltd. (the “Master Fund”) - a Cayman Islands exempted company.
- Orchard Hill Domestic Fund LP (the “Domestic Fund”) - a Delaware limited partnership and an affiliate of the Company serves as the general partner.
- Orchard Hill Offshore Fund Ltd (the “Offshore Fund”) - a Cayman Islands exempted company, which offer shares primarily to non-U.S. investors and US tax exempt investors.
- Orchard Hill Intermediate Fund LP (the “Intermediate Fund”) - a Cayman Islands Limited Partnership and an affiliate of the Company serves as the general partner.

The Domestic Fund places substantially all of its assets in, and conducts substantially all of its investment and trading activities through, the Master Fund. The Offshore Fund invests substantially all of its assets in the Intermediate Fund, and the Intermediate Fund places substantially all of its assets in, and conducts substantially all of its investment and trading activities through the Master Fund. Due to tax, regulatory, operational and other factors, certain investments may be made directly by the Intermediate Fund or the Domestic Fund and, as a result, the performance of the Offshore Fund and the Domestic Fund may differ. The Domestic Fund, Offshore Fund, Master Fund and Intermediate Fund are collectively referred to in this document as the “Funds.”

As the investment manager of the Funds, Orchard Hill has overall responsibility to manage and control the business affairs of the Funds, including the exclusive authority to oversee and to establish policies regarding the management, conduct and operation of the Fund’s business. Shares or limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”); nor are the Funds registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests or shares in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

Orchard Hill manages the assets of the Funds in accordance with the terms of each Fund’s confidential offering and/or private placement memoranda, individual limited partnership agreements and other governing documents applicable to each Fund (the “Governing Documents”). The Funds may issue several classes or series of interests or shares, of which each class or series may be subject to different investment terms, “lock-up” periods and/or ongoing redemption restrictions. Additional information regarding these terms, restrictions or limitations is provided in the Governing Documents.

Within 120 days of its registration as an investment advisor with the United States Securities and Exchange Commission the Company expects to enter into written advisory agreements and have assets under management of at least \$100 million.

Item 5. Fees and Compensation

Compensation received by the Company will generally be comprised of fees based on a percentage of assets under management and performance-based amounts. The fees charged by the Company are deducted directly from the investor's account. The Funds may issue several classes or series of interests or shares, of which each class or series may be subject to different investment management fee rates and performance-based fee (or allocation) rates. Details concerning such terms are set forth in the Funds' respective governing documents.

In the sole discretion of Orchard Hill, management and performance-based amounts may be waived, reduced or calculated differently with respect to certain investors or shareholders, including, without limitation, investors or shareholders that are members, directors, shareholders, partners, affiliates or employees of Orchard Hill, members of the immediate families of such persons and trusts or other entities for their benefit.

Other Expenses

In addition to management and incentive allocations, investors or shareholders will also be responsible for their pro rata portion of the operating and administrative fees and expenses charged to the Funds as specified in the relevant Fund's governing documents. The types and amounts of fees may vary, but typically will include the following: legal/compliance expenses; audit, accounting and tax preparation fees and expenses; insurance costs and expenses; interest expense; administrative, custodial, and transaction fees, costs and commissions paid to custodians, brokers and other third parties; directors fees; and third party fees and expenses relating to investment research. For more information on brokerage transactions and costs, please see *Brokerage Practices*. Investors should review all fees charged by the Company and the expenses charged to the Funds to fully understand the total amount of fees to be paid by the Fund. Investors' ability to redeem from the Funds is subject to formal notice requirements and other restrictions. The Funds' governing document provide a summary of the expenses charged to the Fund, and the terms investors are subject to when redeeming all or a portion of their investment.

Item 6. Performance Based Fees and Side-by-Side Management

The Company receives performance based amounts from the Domestic Fund and the Intermediate Fund, thus it does not have an incentive to favor a particular feeder fund due to the fee structure.

Item 7. Types of Clients

Orchard Hill serves as investment manager to private investment funds that it sponsors. The funds operate as pooled investment vehicles and are organized in a “master-feeder” structure.

Initial Investor

The Adviser has entered into an arrangement with an initial investor (the "Initial Investor"), whereby the Initial Investor agreed to provide a significant capital contribution to the Funds. In consideration for such capital contribution, the Initial Investor is entitled to receive a percentage of the asset-based charges and performance-based allocations incurred by the Funds and has received certain additional investment rights and/or preferential investment terms.

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

The Funds will utilize a number of strategies to achieve high absolute returns relative to the potential risks for the Funds. The Funds will seek to achieve this objective primarily through strategies to take advantage of price inefficiencies in the market, including relative value strategies such as capital structure arbitrage, convertible arbitrage and special situation arbitrage. In connection with its relative value strategy, the Funds will hedge certain components of an investment to isolate the cause of the pricing inefficiency. Hedges are expected to reduce the overall risk exposure of the strategy in order to capture this under-valued or over-valued component. Orchard Hill believes that through detailed analysis of pricing inefficiencies and careful risk management, the Funds can generate true alpha allowing for preservation of capital and excess profit potential in both up and down markets.

The Funds may invest in lower yielding lower risk assets if the Funds determine that the higher returning assets have a lower risk adjusted return profile than that of lower yielding assets. Higher risk strategies may be entered into if the risks are low relative to the potential returns. The Funds expect that most often the portfolio will have a balance of different risk/reward profiles. There is no predetermined allocation of trades in terms of size, liquidity, geographic location or risk profile, as each investment decision is based on an evaluation of the investment opportunity.

The security and investment selection process will be a multi-stage, continuous progression. It will involve modeling, research, absolute valuations, risk/reward analysis and a relative valuation analysis. Orchard Hill will review and evaluate a global list of securities for pricing inefficiencies and will generate a list internally by monitoring the markets, its trends and its participants, which will be supplemented by broker-dealer market research.

The Funds will conduct in depth analyses of issuers of securities and company structures as a whole to determine potential downside risk and upside profit potential of an investment. Analysis will include: forecasting the expected future volatility of a company's equity and the expected realizable volatility; evaluation of issue terms, stock price, dividend policies, interest rate risks, currency rate risk, liquidity risk and company, sector and country fundamentals; financing charges that will be incurred through leveraging; and counterparty credit risk.

When an investment is determined to have value, the Funds will develop a strategy to best isolate the mispricing. The Funds may employ any instruments to isolate this mispricing, including, but not limited to, securities, financial instruments, physical assets, bonds, loans, notes, and other forms of indebtedness, financial assets (including whole loans and accounts receivables), special purpose vehicle structures, public equities, futures, equity-related instruments (including warrants and rights offerings), exchange-traded options and other over-the-counter derivative instruments (including credit, equity, commodity, currency and interest rate derivatives) and emerging market products throughout the global markets (all such items referred to hereafter as "Financial Instruments"). For example, if the Funds believe that the credit component of a convertible bond is undervalued, it will isolate the credit component exposure by hedging the interest rate, equity and volatility components of the bond.

Orchard Hill will use an in-depth analysis of the expected likely returns, the probabilities of such returns, and the weighing of unlikely expected outcomes. Prior to entry into any position, the Company will examine the opportunity relative to other investment opportunities across asset classes and strategies where Orchard Hill believes it can accurately identify value. The Company will also seek to identify atypical risk in a potential trade not usually considered by market participants. When considering an individual position, Orchard Hill will examine how the position's risk/reward profile fits with the rest of the portfolio and the effect it will have on the overall portfolio risk. On occasion, an investment may be chosen if the Company sees positive expected value without hedging any components of the trade, if the risks of the investment fit well within the context of the whole portfolio.

Risks Related to Investment Strategies

Risk of Loss. No guarantee or representation is made that the Funds' investment program, including, without limitation, the Funds' investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of the investment professionals of Orchard Hill are not necessarily indicative of their future performance.

Hedging Transactions. The Funds may utilize Financial Instruments for risk management purposes in order to: (i) protect against possible changes in the market value of the Funds' investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Funds' unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any Financial Instruments; (iv) enhance or preserve returns, spreads or gains on any Financial Instrument in the Funds' portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Funds' Financial Instruments; (vii) protect against any increase in the price of any Financial Instruments the Funds anticipate purchasing at a later date; or (viii) act for any other reason that Orchard Hill deems appropriate. The Funds will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not

engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Discretion of the Company; New Strategies and Techniques. While Orchard Hill will generally seek to employ the representative investment strategies and techniques discussed herein, the Company has considerable discretion in the types of Financial Instruments the Funds may trade and has the right to modify the investment strategies and techniques of the Funds without the consent of the investors or shareholders. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Funds. In addition, any new investment strategy or technique developed by the Funds may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Funds.

Risks Related to Specific Investments¹

Convertible Securities. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Funds is called for redemption, the Funds will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Funds' ability to achieve its investment objective.

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

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

Non-U.S. Investments. Investing in the Financial Instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in Financial Instruments of U.S. companies or the U.S. Government,

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

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 a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Orchard Hill nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

The Company sponsors private investment partnerships and foreign investment companies. Investments in any sponsored fund of which the Company or other related person is a general partner are conducted on a private placement basis and prospective investors are solicited by means of the offering memorandum. Orchard Hill and its personnel will devote as much of their time to the activities of the Funds as they deem necessary and appropriate. Orchard Hill will not be restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even if such activities may be in competition with the Funds and/or may involve substantial time and resources of Orchard Hill, its affiliates or personnel. These activities could be viewed as creating a conflict of interest in that the time and effort of the Company, its affiliates and personnel will not be devoted to the business of the Funds but will be allocated between the business of the Funds and the management of other accounts and businesses.

Prospective investors or shareholders should understand that (i) the relationships among the Funds and Orchard Hill and their affiliates are complex and dynamic and (ii) as the Company's and the Fund's businesses change over time, Orchard Hill and its affiliates may be subject, and the Funds may be exposed, to new or additional conflicts of interest. There can be no assurance that the Company can anticipate every possible current or future conflict of interest that may arise or that is or may be detrimental to the Funds or the investors or shareholders. Prospective investors or shareholders should consult with their own advisers regarding the possible implications on their investment in the Funds of the conflicts of interest described in the Governing Documents.

Orchard Hill is affiliated with another investment management firm, Orchard Hill Capital Partners LP ("OHCP"). OHCP provides investment management services to one institutional investor. The investment advice provided by OHCP may be similar to the investment advice provided to the Funds. Neither Orchard Hill nor OHCP will systematically favor any account when allocating investments across accounts. Please see Orchard Hill's allocation policy in Item 12.

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

Pursuant to Rule 204A-1 of the Advisers Act, Orchard Hill has adopted a written Code of Ethics (the "Code") predicated on the principal that Orchard Hill owes a fiduciary duty to the Funds and its investors. Orchard Hill's Code contains policies and procedures that monitor that all personal securities trading by Orchard Hill's employees are conducted in such a manner as to avoid conflicts of interest or any abuse of an individual's position of trust and responsibility.

Orchard Hill's Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, investors, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of investors along with the Funds, and the interests of Orchard Hill above one's own personal interests;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- To the extent practicable, avoid or disclose any conflicts of interest that are material to investors and the Funds;
- Conduct all personal securities transactions in a manner consistent with the Code;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;

- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on employees and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets; and
- Abide by the requirements contained in the Investment Advisers Act of 1940, as amended, and rules thereunder, as well as applicable provisions of the securities laws.

Orchard Hill's Code requires employees to: (1) pre-clear certain personal securities transactions; (2) report personal securities transactions on at least a monthly basis; and (3) provide Orchard Hill with a detailed summary of certain holdings (both initially upon commencement of employment and at least annually thereafter) over which such employees have a direct or indirect beneficial interest. A copy of Orchard Hill's Code shall be provided to any investor or prospective investor upon request.

Orchard Hill serves as the manager and investment adviser to the Funds, and employees of the Company may have a material investment in the Funds. Therefore, Orchard Hill is considered to participate in transactions effected for the Funds. The Company does not believe this arrangement presents any material conflicts of interest since the interests of its employees and Orchard Hill are aligned with the interest of investors in the Funds.

Item 12. Brokerage Practices

Orchard Hill has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

Portfolio transactions for the Funds will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. In selecting an appropriate broker-dealer to effect a trade on behalf of one or more of the Funds, Orchard Hill seeks to obtain best execution, taking into consideration relevant factors, including, but not limited to price, the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Funds by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. A significant portion of the trading done for the Funds are done on a net basis, so in many circumstances it may not be possible to determine the amount of commission being paid to a broker or dealer. Orchard Hill need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

If the Company decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through electronic communications networks ("ECNs"), it will

also consider the following factors when choosing to use one ECN over another: the ease of use; the flexibility of the ECN compared to other ECNs; and the level of care and attention that will be given to smaller orders.

Orchard Hill maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Soft Dollars

From time to time, Orchard Hill may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. Orchard Hill will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Company believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by the Funds may be used by Orchard Hill to service one or more other accounts, including accounts that may not have paid for the soft dollar benefits. Orchard Hill does not seek to allocate soft dollar benefits to accounts in proportion to the soft dollar credits the accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to Orchard Hill (i.e., a "mixed use" item), it will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Orchard Hill's allocation of the costs of such benefits and services between those that primarily benefit the Company and those that primarily benefit the accounts.

When Orchard Hill uses brokerage commissions (or markups or markdowns) generated by any accounts to obtain research or other products or services, it receives a benefit because it does not have to produce or pay for such products or services. Orchard Hill may have an incentive to select or recommend a broker-dealer based on its interest in receiving research or other products or services, rather than on an account's interest in receiving most favorable execution.

At least annually, the Company considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its accounts on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will Orchard Hill make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any

informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Allocations of Trades and Investment Opportunities

It will be the policy of Orchard Hill to allocate investment opportunities to the Funds and to any other accounts fairly, to the extent practical and in accordance with the Fund's or other accounts' applicable investment strategies, over a period of time. The Company will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to the Funds or other accounts solely because the Company purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to another account or the Funds if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the Funds or the other account.²

Item 13. Review of Accounts

Portfolio Review

The Funds' portfolios are reviewed with regard to positions held, risk, exposure and proper settlement on a daily basis by the portfolio managers, research analysts, in-house operations and other Orchard Hill personnel, where appropriate. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels.

Client/Investor Reporting

Investors receive monthly capital account statements directly from the Funds' administrator, and annual audited financial statements prepared by the auditor for the Funds. Additional reporting or intra-quarter performance updates or AUM figures may be provided to each investor or prospective investors upon request.

Item 14. Client Referrals and Other Compensation

Orchard Hill may directly or indirectly compensate any person for investor referrals. Placement agents that solicit investors on behalf of the Funds are subject to a conflict of interest because they will be compensated in connection with their solicitation activities.

From time to time, brokers (including the Prime Brokers) may assist the Funds in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of the Company may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in the Funds may encounter representatives of

² We need to have more detail to this policy but we can do after the fund launches.

the Company. Brokers may also provide other services, including, without limitation, consulting services relating to technology and office space.

Item 15. Custody

Orchard Hill is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to Orchard Hill.

Orchard Hill is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of 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 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 requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Item 16. Investment Discretion

Orchard Hill maintains investment discretion and is generally authorized to make the following determinations, subject to each Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Fund or its underlying investors or shareholders: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

Item 17. Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Orchard Hill has adopted and implemented written policies and procedures governing the voting of client securities.

Orchard Hill may take into account all relevant factors, as determined by the Company in its discretion, including, without limitation: (i) the impact on the value of the securities or instruments owned by the Funds and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices.

In limited circumstances, Orchard Hill may refrain from voting proxies where it believes that voting would be inappropriate, taking into consideration the cost of voting the proxies and the

anticipated benefit to the Funds. Generally, investors may not direct the Company's vote in a particular solicitation.

Conflicts of interest may arise between the interests of the Funds on the one hand and Orchard Hill or its affiliates on the other hand. If the Company determines that it may have, or is perceived to have, a conflict of interest when voting proxies, Orchard Hill will vote in accordance with its proxy voting policies and procedures. Investors may obtain a copy of the Company's proxy voting policies and its proxy voting record upon request.

Item 18. Financial Information

A balance sheet is not required to be provided as Orchard Hill (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.