

OFS ENERGY FUND

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This brochure provides information about the qualifications and business practices of OFS Energy Fund, LLC (“OFS”). If you have any questions about the contents of this brochure, please contact Jeff May at 713-562-4538 or jmay@ofsfund.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

OFS is a registered investment adviser. Registration as an investment adviser does not imply that the firm or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about OFS also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. OFS’ CRD number is 160490.

Item 2 | Material Changes

OFS' Form ADV Part 2A, currently dated December 23, 2020, and as may be amended from time to time, is OFS' disclosure document prepared based on the SEC's regulatory requirements. OFS is required to update this document at least annually, or when an event occurs that may be deemed to have a material impact on OFS' business and/or on its clients, or when a disciplinary event occurs. The Firm has not made any material changes to this Form ADV Part 2A since the annual update on March 29, 2019.

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Item 4 | Advisory Business

OFS, a Delaware limited liability company formed on January 21, 2011, is an investment adviser with its principal place of business located in Houston, Texas. Christopher Bruce L. Ross and Jerad D. McMayon are the direct owners of OFS.

OFS is a private asset management firm with a focus on the lower market oil and gas services and equipment sector. OFS provides investment advisory services to private investment funds, including currently OFS Energy Fund II, L.P., OFS Energy Fund III (M), LP, OFS Energy Fund II (QP), L.P., OFS Energy Fund II (Parallel), L.P., OFS Energy Fund III (P), LP and OFS Energy Fund III (Q), LP (together with their parallel investment vehicles, any co-investment vehicles and alternative investment vehicles, the “Equity Funds”). OFS Pro CI, LP, OFS Pro CIP, LP and OFS SSMH CI, LP are co-investment vehicles that have each invested in a single portfolio company of an Equity Fund.

OFS Energy Fund II, L.P., OFS Energy Fund II (QP), L.P. and OFS Energy Fund II (Parallel), L.P. generally invest on a pari passu basis, as do Energy Fund III (M), LP, OFS Energy Fund III (P), LP, OFS Energy Fund III (Q), LP.

OFS Energy Fund II GP, LLC, OFS Energy Fund III (G), LLC, OFS Pro CIP GP, LLC and OFS SSMH CI GP, LLC (the “GPs”) serve as general partners of the Equity Funds. The Equity Funds have entered into management agreements with OFS to provide investment advisory services. Per the terms of each management agreement, OFS employees perform all investment advisory services.

The Equity Funds are managed following a private equity strategy and invest through negotiated transactions in operating entities. OFS’ investment advisory services to the Equity Funds consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring portfolio companies and achieving dispositions for such investments. Investment advice is provided directly to each Equity Fund and not individually to the limited partners of the particular Equity Fund. Historically, investments have been made in the equity of non-public companies in the lower market oil and gas services and equipment sector; provided that, absent a restriction in their limited partnership agreements or offering documents, the Equity Funds may invest in a wide range of investment opportunities, including early-stage venture capital, later-stage growth financings, leveraged buyouts of medium and large-sized companies, mezzanine investments, PIPES or investments in public companies that are being taken private. OFS personnel may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Equity Funds.

Each Equity Fund also may have related investment vehicles, including co-investment vehicles. The limited partnership agreement of each Equity Fund permits the applicable GP of the Equity Fund to form one or more co-investment vehicles for the purpose of

investing in some or all of the investments made by the Equity Fund. Investors invited to invest in a co-investment vehicle may include investors in the Equity Funds, employees or related persons of OFS, financing sources, portfolio company management, and others.

OFS' investment strategies are discussed in further detail under Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss below.

Amount Of Managed Assets

As of December 31, 2019, OFS managed approximately \$212,195,234 in client assets on a discretionary basis and no client assets on a non-discretionary basis.

Item 5 | Fees and Compensation

OFS receives a management fee for providing investment advisory services to the Equity Funds. Detailed information regarding the fees charged to each Equity Fund is provided in each Equity Fund's offering documents and limited partnership agreement. General descriptions of such fees are provided below.

Management Fees

OFS initially receives management fees of up to 2% per annum of the limited partners' capital commitments (excluding the capital commitments of OFS, including OFS' affiliates and principals, which we refer to herein as the "Principal's Commitment") during the first five years after the initial closing of each Equity Fund and, thereafter, 2% per annum of the unreturned capital contributions attributable to the limited partners (excluding capital contributions in respect of the Principal's Commitment). Management fees charged to each Equity Fund are generally payable quarterly in advance, are non-refundable, and are pro-rated for any period that is less than the applicable period. It should be noted that OFS does not receive any management fees from any Equity Fund that is a co-investment vehicle.

Performance Compensation

Certain OFS affiliates will have the right to receive allocations of carried interest with respect to the Equity Funds of up to 20% of all realized profits in excess of an 8% compound preferred return, subject to a catch-up provision, as more fully described in the applicable Partnership Agreements. Carried interest that has been paid is subject to claw back under certain circumstances as set forth in such limited partnership agreements. It should be noted that none of OFS or any affiliate has the right to receive allocations of carried interest from any Equity Fund that is a co-investment vehicle.

Referral Fees

In the event that a limited partner refers a portfolio investment to the Equity Fund and the Equity Fund consummates such investment, then, subject to compliance with applicable law, such limited partner will be entitled to a referral fee payable directly by the buyer upon the Equity Fund's disposition of such investment. The referral fee will equal 1% of

the net equity profit realized by the Equity Fund for such investment. Any carried interest payable to the OFS affiliates with respect to such investment will be calculated based on the net amount realized by the Equity Fund (i.e., after payment of any referral fee). In the event the Equity Fund consummates an investment based on a referral pursuant to the terms of this paragraph, it will notify the Advisory Committee at its next regularly scheduled meeting.

Operating and Organizational Expenses

In addition to management fees and allocations of carried interest, the Equity Funds generally pay all costs and expenses associated with their respective operations, as well as all organizational and offering expenses incurred in their formation, including those expenses of the GPs and other entities necessary to the formation of the Equity Funds, provided that the organizational and offering expenses in excess of certain amounts will be applied to reduce management fees payable by such Equity Fund. Terms relating to organizational and offering expenses borne by each Equity Fund are set forth in detail its limited partnership agreement.

In addition to management fees and allocations of carried interest, the Equity Funds generally pay all costs and expenses associated with their respective operations, as well as all organizational and offering expenses incurred in their formation, including those expenses of the GPs and other entities necessary to the formation of the Equity Funds, provided that the organizational and offering expenses in excess of certain amounts will be applied to reduce management fees payable by such Equity Fund. Terms relating to organizational and offering expenses borne by each Equity Fund are set forth in detail its limited partnership agreement. It is OFS' policy that any expenses attributable to two or more funds managed by OFS shall be allocated equitably between such funds. In general, OFS' policy is to allocate any such expenses to the applicable funds based on those funds' relative committed capital. If any situation arises whereby an allocation of expenses in accordance with the foregoing policy would not be equitable to the funds involved, OFS will consider whether a different allocation would be more appropriate in that instance. In any such allocation process, OFS will consider factors such the nature of the expense, whether it relates to a certain investment or operational issue, and why an allocation in accordance with the relevant funds' respective committed capital would not be equitable in that instance. This analysis will determine the metric used (e.g., investment cost, proportion of a fund's investment, etc.).

It should be noted that OFS does not charge the Equity Funds any portion of the salaries of any employees of the Manager or General Partner to the extent such employees are providing legal, accounting, financial management and other similar services to the Equity Fund nor does it charge ordinary overhead to the Equity Funds.

Management Fee Offsets

The limited partnership agreements of each Equity Fund provide in effect that compensation of any kind that may be received by OFS or any employee or affiliate in connection with any investment in, holding or refinancing of, or exits from any existing or

proposed portfolio company undertaken on behalf of such Equity Fund shall be used to offset some or all of the management fees otherwise payable by such Equity Fund, all in accordance with the provisions of the limited partnership agreement and offering materials of the Equity Fund. This policy applies, without limitation, to transaction, monitoring, advisory, investment banking, directors', amendment, closing, break-up, and other similar fees from portfolio companies, prospective portfolio companies and other third parties. Any applicable net cash fees paid are treated as an offset against the management fee payable in the following quarter. To the extent the offset is greater than the management fee, any surplus amount will be carried forward to the subsequent quarter to offset management fees until the offset has been utilized. As a policy, OFS will not accelerate all or a portion of any fees collected from a portfolio company. Limited partners in the Equity Funds may not withdraw capital from any Equity Fund except as set forth in each Equity Fund's limited partnership agreement.

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

As discussed under Item 5 - Fees and Compensation above, each Equity Fund (other than co-investment vehicles) will make a carried interest allocation of up to 20% of all realized profits to an OFS affiliate. The right to receive performance compensation may create an incentive for OFS and its affiliates to make more speculative investments than it would otherwise make in the absence of performance-based compensation. In order to minimize adverse consequences that might result from this risk, OFS, through its affiliates, manages each Equity Fund in accordance with the investment strategies it has developed for such Equity Fund. Furthermore, OFS and its affiliates disclose to investors the risks associated with the payment of carried interest, as well as the risks inherent in the investment strategies of an Equity Fund, in the offering documents for such Equity Fund. It should be noted that OFS uses a European style waterfall since that requires OFS to return 100% of Called Capital plus an 8% Preferred Return prior to the GP receiving any Carried Interest.

Item 7 | Types of Clients

OFS provides advisory services to private investment funds. Private investment funds may include investment partnerships or other investment entities formed under domestic or non-U.S. laws and operated as excluded investment companies under the Investment Company Act of 1940, as amended. The investors participating in private investment funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of OFS and its affiliates.

Each investor in the fund must meet certain eligibility requirements. Interests in the fund are generally offered to U.S. Investors who are either accredited investors within the meaning of Regulation D of the Securities Act of 1933, and qualified clients as defined in Rule 205-3 und the Advisers Act. Equity Funds require a high minimum investment amount, generally over \$1 million, but OFS reserves the right to accept capital commitments of lesser than the minimum investment amount in its discretion.

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

OFS is a private equity investment adviser specializing in acquiring controlling interests in companies and improving them through a combination of strategic and operational initiatives; provided that OFS may from time to time make investments that do not constitute controlling interests.

Once OFS has identified a potential control investment opportunity, it aims to undertake a comprehensive due diligence process. As part of OFS' investment strategy, after making an investment, OFS will generally implement a long-term operating strategy that identifies priorities and goals, attracts and motivates a superior management team, and addresses manufacturing, financial controls and systems, sales and marketing, and product development needs.

An investment in any Equity Fund may be deemed a speculative investment, and is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in such Equity Fund. No guarantee or representation is made that the Equity Fund will achieve its investment objective or that limited partners will receive a return of their capital. Interests in an Equity Fund will not be registered under the federal securities laws and their transfer will be limited under federal and state securities laws and under the terms of the governing documents of such Equity Fund. There will be no public or private market in which Equity Fund interests may be sold. Consequently, each limited partner should view any investment in an Equity Fund as a long-term investment which it may not be able to liquidate for an indefinite period of time. Investors in any Equity Fund should be prepared to bear the loss of their investment.

OFS' investment strategies and methods of analysis involve numerous risks, some of which are described below. Investors and prospective investors in any Equity Fund should review the offering documents with respect to such Equity Fund for a detailed description of the risks associated with an investment in such Equity Fund.

Nature of Equity Fund Investments. Most portfolio investments are highly illiquid, and there can be no assurances that an Equity Fund will be able to realize a return on such investments in a timely manner or at attractive prices. As a result, investment in the Fund requires a long-term commitment, with no certainty of return. It is unlikely that there will be near-term cash flow available to investors. In some circumstances, Limited Partners may receive distributions in kind.

Borrowing. An Equity Fund may use borrowing funds to finance portfolio investments. The use of borrowed funds may involve a high degree of financial risk. In addition, borrowings by an Equity Fund would expose the Equity Fund to interest rate risk, and it may be less likely to be profitable or meet its goals if interest rates increase. If the Equity Fund does not receive sufficient cash flow from its investments to meet principal and interest payments on any such borrowings, then the Equity Fund may need to dispose of its portfolio investments sooner or at a lower price than it otherwise would have in order to pay the debt.

Leverage. Certain portfolio investments may be in portfolio companies with significant

levels of debt. In addition, an Equity Fund may increase the leverage issued by the portfolio company as part of the purchase consideration. Although OFS will seek to use leverage in a prudent manner, the leveraged capital structure of portfolio companies increases the exposure of those companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio company or its industry.

Portfolio Company Projections. OFS will establish the capital structure of portfolio companies based on financial projections. These projections will be based upon certain assumptions and upon information provided by and judgments made by management of the relevant portfolio company. These projections will be only estimates of future results and, therefore, there can be no assurance that the projected results will be achieved. Actual results may vary significantly from the projections, and general economic conditions and other factors out of the control of the Manager may negatively impact the reliability of the financial projections.

Reliance on Management of Portfolio Companies. While it is the intent of OFS to invest in portfolio companies with proven operating management in place, there can be no assurance that such management will continue to operate successfully. Although OFS will monitor the performance of each investment, it will rely upon portfolio company management to operate the portfolio companies on a day-to-day basis.

Lack of Diversification. While, in general, OFS limited the amount of an Equity Fund's capital invested in any one portfolio company, each Equity Fund will only make a limited number of portfolio investments. As a result, the aggregate return may be substantially adversely affected by the unfavorable performance of even a single investment.

Difficulty of Locating Suitable Investments. OFS' success will depend on its ability to identify suitable portfolio investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of portfolio investments on favorable terms. There can be no assurances that there will be a sufficient number of suitable investment opportunities to enable an Equity Fund to invest all of its Capital Commitments in opportunities that satisfy its investment objective, or that such investment opportunities will lead to completed investments. Identification of attractive investment opportunities generally will be subject to market conditions. Competition for such opportunities is expected to be substantial.

Dependence on Limited Staff. OFS' investment activities will depend to a large extent on the efforts, experience and expertise of its principals and limited staff. There can be no assurance that all of the principals and staff members will remain in the employ of OFS or otherwise continue to be able to carry on their duties. The loss of any of the principals' or any of the staff members' services could harm the OFS ability to realize its investment objectives and have a material adverse effect on its operations.

Risks Upon Disposition of Portfolio Investments. In connection with the disposition of a portfolio investment, OFS or an Equity Fund 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 any business, or may be responsible for the contents of disclosure documents under applicable securities laws. An Equity Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by investors.

Exculpation and Indemnification. Certain exculpation and indemnification provisions contained in an Equity Fund's Partnership Agreement may limit the rights of action otherwise available to the Equity Fund or its investors against OFS.

Risks Relating to Energy Industry Investments. OFS invests primarily in the securities and instruments of companies in the energy service industry. Given this industry concentration, Equity Funds will be susceptible to adverse economic or regulatory occurrences affecting the energy industry. Energy companies develop and produce crude oil and natural gas and provide drilling and other energy resources production and distribution related services. The performance of companies in this sector is affected by supply and demand for both their specific product or service and for energy products in general. The price of oil and gas, exploration and production spending, government regulation, world events, environmental conditions and economic conditions will likewise affect the performance of these companies. Weak demand for the products and services of portfolio companies, or for energy products and services in general, as well as negative developments in these other areas, would adversely impact Equity Funds' performance.

Certain Conflicts of Interest. Certain members of OFS's investment team may invest directly or indirectly in companies that are, have been, or are being considered as portfolio investments. If such a person is or was a direct investor, that investment occurred before that person joined OFS. However, members of our team from time to time invest in other private funds that may be or become investors in our portfolio investments. OFS gives no consideration to any such investment when contemplating investing in a portfolio investment, and only makes such an investment after a thorough investment process that includes the production of an investment memorandum that solely examines the merits of any investment.

In addition, Bruce Ross invests from time to time in private funds or operating companies managed by one or more of the limited partners in our Equity Funds. He also is an investor in a venture formed to lease certain real property from an OFS portfolio company.

Item 9 | Disciplinary Information

OFS is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of OFS' advisory business or the integrity of OFS' management.

OFS and its management personnel have no reportable legal or disciplinary events to

disclose.

Item 10 | Other Financial Industry Activities and Affiliations

As discussed above, OFS provides investment advice to the Equity Funds. Otherwise, OFS and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest. OFS' employees and related persons may serve as directors and officers of, and provide advice to, publicly traded companies and other private companies. Receipt of material non-public information by OFS' employees and related persons regarding these companies could preclude OFS from effecting transactions in the securities of such companies.

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

OFS has adopted a Compliance Manual that includes a Code of Ethics, which sets forth high ethical standards of business conduct, including compliance with applicable federal securities laws that OFS requires of its supervised persons.

OFS and its supervised persons owe a duty of loyalty, fairness and good faith to OFS' clients, the Equity Funds, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code of Ethics, which sets forth a standard of business conduct that takes into account OFS' status as a fiduciary and requires supervised persons to place the interests of clients above their own interests. All supervised persons are provided with a copy of the Code of Ethics and are required to acknowledge receipt of the document upon hire and on at least an annual basis thereafter. Supervised persons are required to promptly bring violations of the Code of Ethics to the attention of OFS.

OFS' Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by OFS' access persons. Among other things, OFS' Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. OFS also has additional policies and procedures relating to the preclearance of all access person trades (other than securities deemed exempt from this obligation). OFS' Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

OFS' Code of Ethics includes policies and procedures governing gifts and entertainment, outside business activities, confidentiality of information and information barriers, and charitable and political contributions. The Code of Ethics also prohibits the misuse of material non-public information and emphasizes the avoidance of conflicts of interest with investors. Each supervised person must acknowledge the terms of the Code of Ethics on an annual basis, and OFS conducts trainings throughout the year to ensure each supervised person has a deep understanding of the Code of Ethics. Any employee who violates the Code of Ethics may be subject to possible actions, which may include enhanced supervision, censure, suspension or termination.

A copy of OFS' Code of Ethics is available to its advisory clients and prospective clients. You may request a copy by email sent to jmay@ofsfund.com, or by calling Jeff May at (713) 714-8708.

The principals of OFS are also the principals of the GPs. The GPs have designated OFS as having primary responsibility for investment management and administrative matters, such as accounting, tax, and periodic reporting, pertaining to the Equity Funds. OFS and its members, officers and employees devote to the Equity Funds as much time as deemed necessary and appropriate to manage the business. Other than to the extent set forth in each Equity Fund's respective governing documents, OFS and its affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Equity Funds. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of OFS management personnel and employees will generally not be devoted exclusively to the business of the Equity Funds, but could be allocated between the business of the Equity Funds and other of its business activities and those of affiliates.

OFS manages the Equity Funds on a discretionary basis in accordance with the terms and conditions of the respective offering documents and limited partnership agreements of the Equity Funds. The Equity Funds are not required to register as investment companies under the Investment Company Act of 1940, as amended, in reliance upon certain exclusions from the definition of investment company.

Investment activity is reviewed carefully and continuously to ascertain, among other things, whether any possible conflicts of interest are presented by such investments. If a conflict is determined to exist, it is resolved in favor of the client and in accordance with the Equity Fund's governing documents.

Item 12 | Brokerage Practices

OFS focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions. Thus, OFS does not ordinarily deal with a financial intermediary such as a broker or a dealer in connection with the execution of transactions in securities, and commissions are not ordinarily payable in connection with such investments.

To the extent OFS transacts in public securities for portions of the Equity Funds, it intends to select broker-dealers based upon the broker-dealer's ability to provide best execution for the Equity Funds. OFS is generally authorized to make the following determinations, subject to the Equity Funds' investment objectives and restrictions, without obtaining prior consent from the relevant Equity Fund or any of their investors:

(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.

If OFS is dealing with a financial intermediary in its decisions regarding the allocation of brokerage transactions for Equity Funds, OFS will generally consider a variety of factors

including but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer or counter party; and (iv) the competitiveness of commission rates in comparison with other broker-dealers. Historically, OFS has not dealt with a financial intermediary in connection with the execution of transactions in securities.

Although OFS would generally seek competitive commission rates and commission equivalents, including mark-ups, it would not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Although OFS does not have any so called “soft-dollar” arrangements, broker-dealers through which OFS effects transactions may provide OFS with investment research and other products and services that are generally made available to all institutional investors doing business with such brokers. These bundled services are made available to OFS on an unsolicited basis and without regard to the rates of commissions or spreads charged or paid by OFS or the volume of business OFS directs to such broker-dealers.

Item 13 | Review of Accounts

OFS closely monitors companies in which the Equity Funds invest through ongoing diligence conducted by OFS’ associates, vice presidents, directors, and partners. OFS also holds firm-wide portfolio update meetings on a monthly basis to keep current on all developments and initiatives at each portfolio company. The investments made by the Equity Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. Partners or other personnel of OFS may serve on a portfolio company’s board of directors or otherwise act to influence management of companies held by the Equity Funds.

The Equity Funds will provide their limited partners (i) annual audited financial statements prepared in accordance with generally accepted accounting principles consistently applied in the United States, (ii) quarterly unaudited financial statements and statement of such limited partner’s capital account and changes thereto for such quarter, and (iii) annual tax information necessary for each limited partner’s preparation of its tax return.

Item 14 | Client Referrals and Other Compensation

OFS may pay referral fees to persons who introduce advisory business to it. These fees would be paid pursuant to SEC Rule 206(4)-3. Were OFS to pay a referral fee to unaffiliated, third-party solicitors, OFS requires the solicitor to provide the prospective client with a copy of this document (“Firm Brochure”) and a separate disclosure statement. Additionally, any such fee would be payable by OFS.

In addition, OFS may engage a placement agent or other broker to raise capital for a new Equity Fund. OFS expects that it will directly or indirectly bear the cost of any associated placement fees.

Please note, in certain cases, an OFS fund may agree to pay a referral fee to an investor in one or more OFS funds for referring a portfolio investment to an OFS fund. Any such agreements are entered into in accordance with the relevant fund's limited partnership agreement or limited liability company agreement and applicable law. Any such referral fee would be payable upon the fund's final exit from the relevant portfolio company. In the event a Fund consummates an investment based on a referral pursuant to the terms of this paragraph, OFS will notify the Fund Advisory Committee at its next regularly scheduled meeting. The Firm shall ensure that any such arrangements and all relevant associated facts (such as any relationship between the investor and the referred portfolio investment, the timing of any fee payment, etc.) are appropriately documented. Upon an exit from the applicable portfolio company, the Firm, with assistance of counsel or other appropriate party, will confirm that the payment of any such fees would not violate either the 1934 Act or create an issue under the Advisers Act (i.e., the payment of such a fee would be a breach of OFS' duty or would be a fraudulent or misleading act).

As noted in Item 5, OFS and its affiliates receive or may receive various types of fees from portfolio companies, prospective portfolio companies and other third parties. These include transaction fees, monitoring fees, advisory fees, investment banking fees, directors' fees, break-up fees, etc. A percentage of all such fees are used to offset the management fees otherwise payable by an Equity Fund.

Item 15 | Custody

The GPs have custody over the Equity Funds' funds and securities because they serve as the general partners or managers of the Equity Funds. With the exception of uncertificated privately offered securities, all assets of the Equity Funds are held in custody by unaffiliated banks and/or broker-dealers. Limited partners will not receive statements from the custodians. Instead the Equity Funds are subject to an annual audit and the audited financial statements are distributed to each limited partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed as required by the relevant governing documents of the Equity Funds and the custody rule.

Furthermore, it is OFS' policy that it and the funds do not: Accept physical possession of any investor funds or securities, accept physical possession of any fund portfolio company funds or securities, have any access to, or control over, investor funds or securities except such control as results from the status of any OFS entity as an affiliate of the funds. The Firm shall review custodial statements for accuracy within a reasonable time after receipt, including to compare them with OFS' records of transactions and for taking appropriate steps to reconcile any discrepancies. OFS employees should advise fund investors and service providers not to transmit funds or securities to OFS. In the event that OFS

inadvertently acquires physical possession of funds, stock certificates, or other assets belonging to any investor or any fund, the employee receiving such assets shall immediately notify the Chief Compliance Officer, and the Chief Compliance Officer shall promptly (and no later than the third business day) return such items to the sender.

Item 16 | Investment Discretion

OFS has discretionary authority to manage investments on behalf of the Equity Funds. As a general policy, OFS and the GPs do not allow investors to place limitations on OFS' authority. Pursuant to the terms of the Equity Funds' limited partnership agreements, however, OFS or the GPs may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in the Equity Funds may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

Each Equity Fund's investment strategy is set forth in detail in such Equity Funds offering documents. Prospective investors are provided with an offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum, along with all other relevant offering materials and documents, and to be sure the proposed investment is consistent with their investment goals and risk tolerance. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Additionally, each prospective investor in the fund must execute a limited partnership agreement.

Item 17 | Voting Client Securities

OFS focuses on securities transactions of private companies and therefore generally the Equity Funds portfolio companies typically do not issue proxies. If OFS was to receive proxies in connection with holding a publicly traded portfolio company, the proxy vote would be the best interest of the Equity Funds, taking into consideration all relevant factors, including without limitation, acting in a manner that OFS believes will (i) maximize the economic benefits to the Equity Funds and (ii) promote sound corporate governance by the issuer. OFS may be required to exercise a vote for a privately-held portfolio company, in which case the same procedures apply.

OFS has adopted a Proxy Policies and Procedures (the "Proxy Policy") to address how it will generally vote proxies, as applicable, for the Equity Funds' portfolio investments. The Proxy Policy seeks to ensure that OFS votes proxies (or similar instruments) in the best interest of the Equity Funds, including where there may be material conflicts of interest in voting proxies.

Current and prospective investors who would like a copy of OFS' complete Proxy Policy or information regarding how proxies for particular portfolio companies were voted should contact Jeff May at jmay@ofsfund.com or (713) 714-8708.

Item 18 | Financial Information

OFS does not require prepayment of management fees more than six months in advance and does not have any other financial circumstances to report.

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