

# OFI Institutional | Commodities Strategy II

## At a Glance

### Investment Professionals:

**Robert Baker, CFA**  
Portfolio Manager

**Strategy AUM:**  
\$565 million

**Composite Inception:**  
11/30/07

**Benchmark:**  
Dow Jones – UBS  
Commodity Index Total  
Return<sup>SM</sup>

## Investment Philosophy

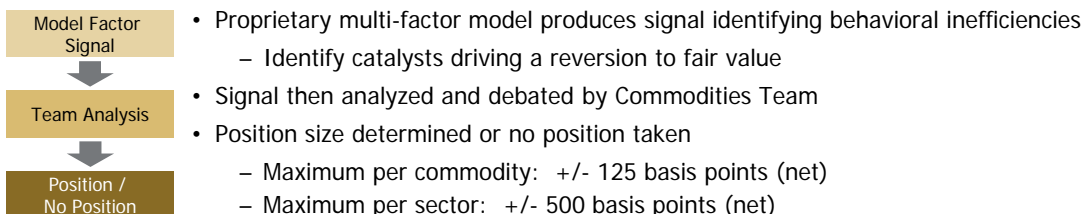
We believe that commodity futures markets are inherently inefficient, providing ample behavioral and structural investment opportunities. As active managers we seek to take advantage of our core investment competencies to generate significant added value by exploiting certain behavioral and structural imbalances in the market within our risk budget profile.

## Investment Process

Our investment process is based on a disciplined, model-driven approach augmented by the teams' analysis and judgment. Our active commodity futures management has been consistently applied to generate excess return potential. Our relative performance is not driven by either favorable or unfavorable performance of the commodity markets, nor is it dependent upon the shapes of the respective commodity futures curves (i.e., normal backwardation or contango). Since we are active managers, we are able to pursue value-adding strategies regardless of the market's environment.

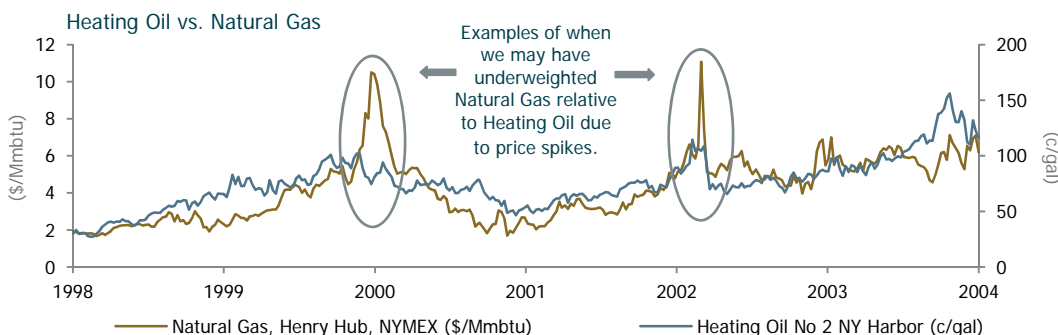
Our active commodities management process is divided into distinct sources of potential alpha generation:

### 1. Directional Tilts



### 2. Relative Value Opportunities

- Substitutable commodities tend to move in sync with each other over time
- Potential for providing liquidity and bearing risk against temporary market dislocations



Source: FactSet, December 31, 2011. Chart is a historical representative example of relative value between heating oil and natural gas for the time period 1999 to 2004. **Past performance does not guarantee future results.**

### 3. Term Structure Decisions

- Structural imbalances create the opportunity to be compensated for providing liquidity
- Flexibility to actively manage along the curve offers excess return opportunities

## Distinct Advantages

- Targeted focus on achieving alpha from active commodities management, as opposed to collateral component
- High degree of product integrity
- Quantitative analysis through proprietary models isolate commodity market inefficiencies

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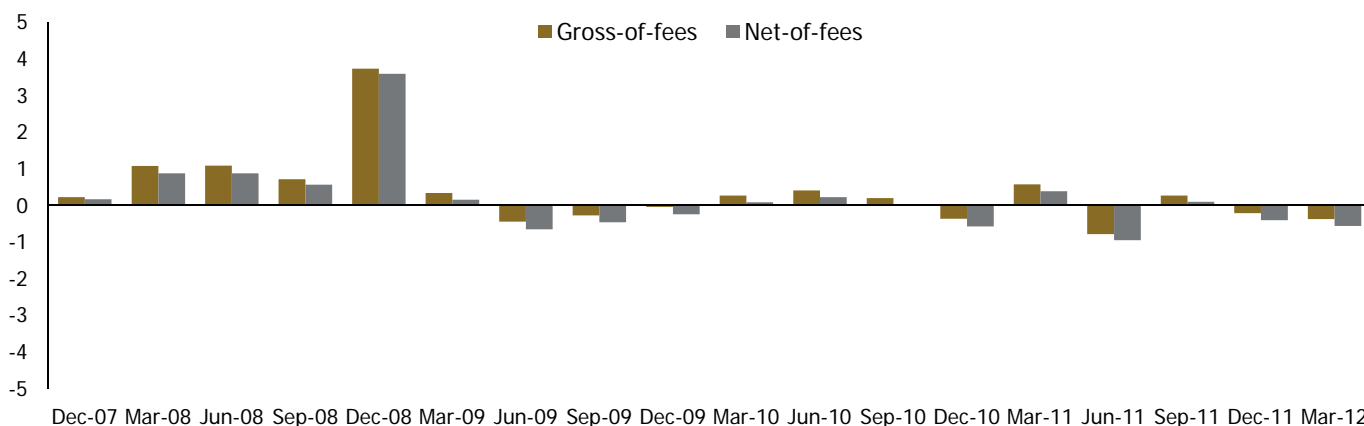
As of March 31, 2012

## Commodities-Only Performance (%)

Supplemental Performance	1Q 2012	YTD 2012	1 Year	Annualized	
				3 Years	Since Inception (11/30/07)
<b>Commodities-Only Representative Portfolio (gross-of-fees)</b>	<b>0.49</b>	<b>0.49</b>	<b>-17.28</b>	<b>8.67</b>	<b>-3.73</b>
Dow Jones-UBS Commodity Excess Return Index <sup>SM</sup>	0.87	0.87	-16.31	8.93	-5.00
<i>Relative Return</i>	<i>-0.38</i>	<i>-0.38</i>	<i>-0.97</i>	<i>-0.26</i>	<i>1.27</i>
<b>Commodities-Only Representative Portfolio (net-of-fees)</b>	<b>0.30</b>	<b>0.30</b>	<b>-17.90</b>	<b>7.86</b>	<b>-4.35</b>
Dow Jones-UBS Commodity Excess Return Index <sup>SM</sup>	0.87	0.87	-16.31	8.93	-5.00
<i>Relative Return</i>	<i>-0.57</i>	<i>-0.57</i>	<i>-1.59</i>	<i>-1.07</i>	<i>0.65</i>

## Supplemental Performance – Quarterly Excess Returns\*

Commodities-Only Representative Portfolio vs. Dow Jones-UBS Commodity Excess Return Index<sup>SM</sup>



\*Inception date is 11/30/07.

Commodities-only performance of an affiliated sub-advisor of OFII, Oppenheimer Real Asset Management, Inc., constitutes supplemental information for purposes of the Global Investment Performance Standards (GIPS®), is supplemental to the GIPS-compliant table included herein, and may only be used in conjunction with the included GIPS-compliant table.

The commodities-only returns shown are for illustrative purposes only. The commodities-only returns are based on monthly attribution calculations which disaggregate the total commodities strategy portfolio into commodities-only and collateral-only allocations. For horizons longer than one month, the monthly attribution returns for each of the portfolio's allocations are linked using a publicly-available methodology to ensure that the combined attribution returns for each of the portfolio's allocations will reconcile to the actual total portfolio return.

The commodities-only returns reflect model performance an investor would have obtained had it invested in the manner shown and do not represent returns that any investor actually attained. The information presented is based upon the following assumptions: daily portfolio holdings generated on a trade date basis; daily closing prices; and returns compounded daily using a commercially available portfolio attribution system. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in achieving the returns have been stated or fully considered. Model returns have many inherent limitations and may not reflect the impact that material economic and market factors may have had on the decision-making process if client funds were actually managed in the manner shown. Actual performance may differ substantially from the model performance presented. Changes in the assumptions may have a material impact on the model returns presented. Other periods selected may have different results, including losses.

The gross-of-fees commodities-only returns shown include the reinvestment of income and the impact of transaction costs, but do not include the deduction of investment advisory fees or any other account expenses such as custodial fees. The net-of-fees commodities-only returns reflect the deduction of the maximum investment advisory fee as determined by the fee schedule.

The attribution-based data is derived from a representative account deemed to appropriately represent the Commodities Strategy. Each investor's portfolio is individually managed and may vary from the information shown.

Past performance is no guarantee of future results.

**GIPS SUPPLEMENTAL INFORMATION.** For disclosures, please see the last page of this report.

# OFI Institutional | Commodities Strategy II

As of March 31, 2012

## Commodity Exposure (% NAV)

### Sector Weights

Sector	% of Representative Portfolio	% DJ-UBS Index	+/- Index
Agriculture	31	32	-1
Energy	30	30	0
Industrial Metals	18	19	-1
Precious Metals	13	13	0
Livestock	5	6	-1

## Commodity Exposure (% NAV)

### Term Structure Positioning

Sector	1-3 Months	4-6 Months	7-9 Months	10-12 Months	12+ Months
Agriculture	27	5	-	-	-
Energy	24	5	1	-	-
Industrial Metals	18	-	-	-	-
Precious Metals	13	-	-	-	-
Livestock	3	2	-	-	-

## Performance Statistics

	Commodities-Only Representative Portfolio
Excess Return	1.27
Tracking Error	1.46
Information Ratio	0.87
Beta	0.97

Based on monthly gross-of-fees returns since inception on 11/30/07 versus the Dow Jones-UBS Commodity Index Excess Return<sup>SM</sup>.

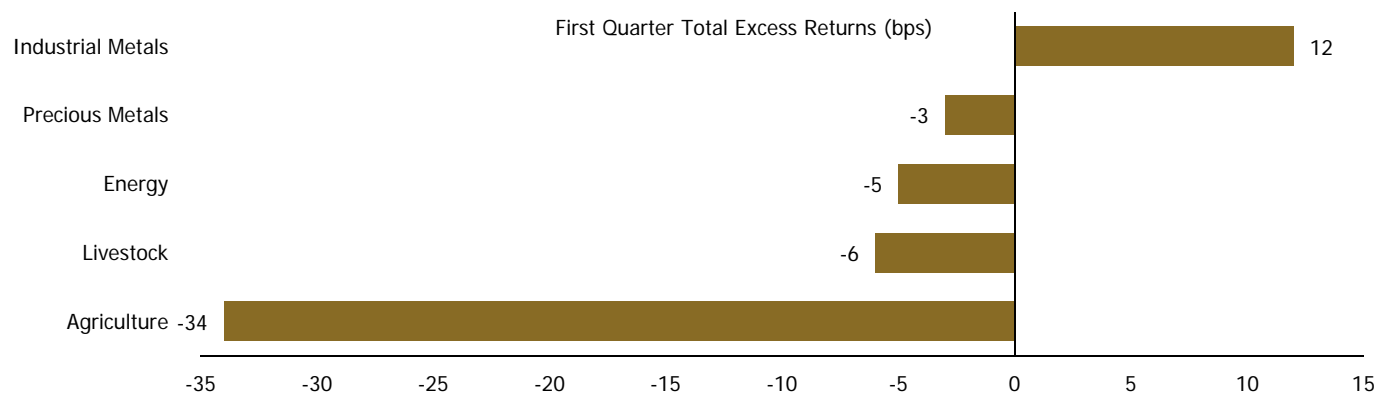
Statistics information constitutes supplemental information for purposes of GIPS<sup>®</sup> and is supplemental to the GIPS-compliant table included herein.

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# OFI Institutional | Commodities Strategy II

As of March 31, 2012

## Commodity Exposure

Contribution to Total Return – versus Dow Jones–UBS Commodity Excess Return Index<sup>SM</sup>

## Performance Analysis by Sector

Contribution to Total Return

Sector	Total Variance (% pts)	Ending Weight (%)		Total Return (%)	
		Representative Portfolio	Index	Representative Portfolio	Index
Industrial Metals	+0.12	18.1	19.4	5.82	5.75
Precious Metals	-0.03	13.1	13.1	8.47	8.49
Energy	-0.05	29.8	30.2	-6.40	-6.11
Livestock	-0.06	5.1	5.7	-6.21	-5.19
Agriculture	-0.34	31.2	31.6	2.62	3.16
Residual*	-0.02				
<b>Total</b>	<b>-0.38</b>	<b>97.3</b>	<b>100</b>	<b>0.49</b>	<b>0.87</b>

## Collateral Exposure

Contribution to Total Return

	1Q 2012 (bps)
Treasuries, IMM and Other MM Instruments	0
Residual*	3
<b>Total</b>	<b>3</b>

\*The residual term represents non-attributable or "interaction" effects.

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# OFI Institutional | Commodities Strategy II

## Disclosure Statements

As of March 31, 2012

	Jan-Mar 2012	2011	2010	2009	2008	Dec 2007
Commodities Strategy II Composite Return (Gross %)	0.5	-13.5	17.6	17.7	-44.3	4.9
Dow Jones - UBS Commodity Index Total Return <sup>SM</sup> (%)	0.9	-13.3	16.8	18.9	-35.6	4.6
Commodities Strategy II Composite Return (Net %)	0.3	-14.2	16.8	16.9	-44.7	4.8
# Portfolios	3	3	3	3	1	1
Standard Deviation of Composite Full Period Returns (Gross %)	n/a	na	na	na	na	na
3-Year Annualized Ex-post Standard Deviation of Monthly Returns	Composite (Gross %)	17.8	18.1	26.9	na	na
	Benchmark (%)	18.0	18.4	24.8	na	na
Composite Assets (\$ mil)	565	562	587	537	210	135
OFII Assets (\$ mil)	4,483	4,039	5,199	7,870	6,956	12,752

OFI Institutional Asset Management, Inc. ("OFII") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. OFII has been independently verified for the periods January 1, 2003 through December 31, 2010. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

OFII is an SEC-registered investment adviser and a subsidiary of OppenheimerFunds, Inc. ("OFI"). OFII provides advisory services and offers various institutional investment products to institutional clients, including defined benefit and defined contribution retirement plans, foundations, endowments, corporations, and other investment advisers. OFII personnel who provide advisory, trading, and other services may be employed by OFII, OFI or an OFI affiliate. Effective January 1, 2004, OFII's GIPS Firm definition changed to reflect the consolidation of the assets of OFII's subsidiaries and investment management teams since the inception of OFII in 1999 when OFI purchased Trinity Investment Management Corporation.

The OFII Commodities Strategy II Composite includes every fully representative portfolio managed in the Commodities Strategy II strategy. The strategy employs active management using futures and options to capture behavioral and structural market inefficiencies. Commodity positions are collateralized by a short-duration portfolio. Certain securities may constitute a significant portion of the portfolio resulting in security and sector weightings that may differ from those of the benchmark index. The Composite was created in December 2007. OFII has engaged an affiliated entity, Oppenheimer Real Asset Management, Inc. ("ORAMI"), that is a subsidiary of OppenheimerFunds, Inc. to provide advisory services to OFII pertaining to futures, commodities and securities. ORAMI is an SEC-registered investment adviser and a CFTC-registered commodity trading adviser.

The Composite gross-of-fees returns shown include the reinvestment of income and the impact of transaction costs, but do not include the deduction of investment advisory fees or any other account expenses, such as custodial fees. Composite net-of-fee returns are calculated by deducting a model investment advisory fee (using the maximum investment advisory fee as determined by the product's fee schedule) from the Composite gross-of-fee returns. OFII's advisory fee rates are set forth in Part 2A of its Form ADV, which is available upon request. Annual fees for the Commodities Strategy II product are 0.70% on the first \$100 million under management, 0.60% on the next \$100 million, and 0.55% on any additional amount. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. While actual portfolios incur transaction expenses, pay investment advisory fees, and may incur other account expenses, the benchmark index is shown without the impact of such charges.

Financial leverage, which has the potential to increase fluctuations in market prices, is used from time to time in the management of portfolios in accordance with the OFII Commodities Strategy II strategy. Financial instruments such as futures and options on futures, commodity-linked securities, and swap transactions may be used to gain economic exposure to meet portfolio objectives and to limit risk.

A list of OFII's composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available on request. All data are in U.S. dollars. Realized performance results vary substantially based on the period measured. The performance data quoted represents past performance, which does not guarantee future results. Returns for periods less than a full year are not annualized.

The Dow Jones-UBS Commodity Index Total Return<sup>SM</sup> (DJ-UBSCITR<sup>SM</sup>, previously the Dow Jones-AIG Commodity Total Return Index<sup>SM</sup>; UBS Securities LLC acquired AIG's commodity business in 2009) is a registered service mark of Dow Jones Trademark Holdings, LLC, and UBS AG. The DJ-UBSCITR<sup>SM</sup> is composed of futures contracts on 19 physical commodities traded on U.S. futures exchanges, with the exception of aluminum, nickel, and zinc, which trade on the London Metal Exchange. The index is unmanaged; relies primarily on liquidity data, along with dollar-adjusted production data in determining the relative quantities of included commodities; is shown for illustration only; and cannot be purchased directly by investors. Benchmark index returns are not covered by the report of independent verifiers.

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### Additional Disclosures:

Sector weights and portfolio characteristics information constitute supplemental information for purposes of GIPS. The representative portfolio information shown is derived from a representative account deemed to appropriately represent this management style. Each investor's portfolio is individually managed and may vary from the information shown. A description of the methodology used to calculate the performance attribution and a full list showing the contribution of all securities to the overall performance of the representative account during the indicated time period are available upon request.

The specific securities, commodities or futures contracts identified are not representative of all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified was or will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed. **Past performance is no guarantee of future results.**

