

**From:** BSAM Hedge Fund Product Management (Generic)

**Sent:** Wednesday, May 16, 2007 10:20 AM

**Subject:** Bear Stearns High-Grade Structured Credit Strategies and HGSCS Enhanced Leverage Funds - April 2007 Month-End Estimates

Dear Investor:

For the month ended April 30, 2007, Bear Stearns High-Grade Structured Credit Strategies has returned an estimated -1.78%.

For the month ended April 30, 2007, Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage has returned an estimated -6.57%.

Please note that these are preliminary estimates and are subject to change. A more detailed summary will follow.

Preliminary returns are net of accrued advisory fees, expenses and performance fees and reflect reinvestment of interest income and other earnings. If applicable, returns shown are for the Fund shares that are allowed to participate in "new issues." The Fund is actively managed and therefore its holdings will change over time. Returns are for an investor who has been in the Fund since its inception. Returns for other investors may differ. Please be aware the performance estimates presented above are for the US feeder funds, the returns for the offshore funds may differ. Past performance is no guarantee of future results. Do not hesitate to contact us with any questions.

Thank you,

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Any person subscribing for an investment must be able to bear the risks associated with the Fund and must meet the Fund's suitability requirements. The Fund is speculative and involves a substantial degree of risk. Some or all alternative investment programs may not be suitable for certain investors. No assurance can be given that the Fund's investment objectives will be achieved. Any investment in a private investment fund involves significant risks not associated with more conventional investment alternatives. The Fund's risks include, but are not limited to, the following: The securities in which the Fund invests are subject to prepayment and other risks more fully described in the Fund's Confidential Private Placement Memorandum; the Fund may be leveraged and engage in other speculative investment practices that may increase the risk of investment loss; past results of the Fund and the investment manager are not necessarily indicative of future performance of the Fund, and the Fund's performance may be volatile; an investor could lose all or a substantial amount of his or her investment; the investment manager has total trading authority over the Fund and the Fund is dependent upon the services of the investment manager; the use of a single advisor, which could mean lack of diversification and, consequentially, higher risk; the Fund is subject to conflicts of interest; the Fund is highly illiquid; there is no secondary market for the investors' interest in the Fund and none is expected to develop; there are restrictions on transferring interests in the Fund; the Fund's fees and expenses may offset the Fund's trading profits; the Fund is not subject to the same regulatory oversight as mutual funds; the Fund is not required to provide periodic pricing or valuation information to investors with respect to its individual investments; the instruments in which the Fund invests may involve complex structures and there may be delays in distributing important tax information; a limited portion of the trades executed for the Fund may take place on foreign markets. BSAM and its affiliates may have positions, effect transactions or make markets in securities or options on such securities referenced herein. Bear, Stearns & Co., Inc. may have underwritten securities for, or otherwise have an investment banking relationship with, issuers referenced herein. Please review the "Risk Factors," "Conflicts of Interest," fee and expense information in the Fund's

## Confidential Private Placement Memorandum.

In addition to the general risks stated above, we would also like to bring to your attention the following risks specific to the High Grade Structured Credit Strategies Funds:

-While the primary focus of the Fund will be on highly-rated debt securities (AA- or higher), up to 10% of the investment portfolio (excluding Repackaging Vehicle Junior Interests) may be invested in lower-rated investment grade, below investment grade or unrated securities.

-The Fund invests on a highly leveraged basis. The cumulative effect of the use of leverage with respect to any investments in a market that moves adversely to such investments could result in a substantial loss which would be greater if the Fund were not leveraged.

-Prospective investors must understand that securities otherwise outside of the Fund's investments parameters may constitute all or significant portion of the underlying securities held by CDO, Synthetic Security or other investment of the Fund and that CDOs are therefore subject to risks particular to such securities.