

Part 2A of Form ADV: Firm Brochure

UBS O'Connor LLC

One North Wacker Drive
32nd Floor
Chicago, IL 60606
Telephone: 312-525-6000

https://alternatives.ubs.com/UBS/ALTERNATIVES/me.get?web.websections.show&SAMPLE_003

03/30/2012

This brochure provides information about the qualifications and business practices of UBS O'Connor LLC ("O'Connor"). If you have any questions about the contents of this brochure, please contact Charles Mathys at 312-525-6452 or email him at charles.mathys@ubs.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about UBS O'Connor LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search the SEC's site by a unique identifying number, known as a CRD number. Our firm's CRD number is 108754.

An investment adviser does not have to demonstrate or meet any minimum level of skill or training to register with the Securities Exchange Commission.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 03/30/2012, contains the following material changes since the issuance of our last ADV:

- As disclosed in Item 4, O'Connor has a new sub-advisory relationship with Colony Investment Management LLC.
- As disclosed in Item 6, per SEC Rule 205-3, there are new requirements regarding the net worth of O'Connor clients and investors in O'Connor funds in order for O'Connor to receive performance fees.
- As disclosed in Item 8, O'Connor has added a new investment strategy regarding property-related securities.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Item 3	Table of Contents	Page
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	5
Item 6	Performance-Based Fees and Side-By-Side Management	6
Item 7	Types of Clients	6
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9	Disciplinary Information	13
Item 10	Other Financial Industry Activities and Affiliations	13
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Item 12	Brokerage Practices	17
Item 13	Review of Accounts	19
Item 14	Client Referrals and Other Compensation	19
Item 15	Custody	20
Item 16	Investment Discretion	20
Item 17	Voting Client Securities	21
Item 18	Financial Information	22

Item 4 Advisory Business

UBS O'Connor LLC ("O'Connor") has been in business since January 27, 2000 and is a SEC-registered investment adviser that is a wholly owned subsidiary of UBS AG. It was created when a hedge fund management group was spun out of UBS Investment Bank.

O'Connor provides discretionary investment advice primarily to private U.S. and offshore investment funds, which are exempt from registration under the Investment Company Act of 1940, as amended, (the "Investment Company Act") as well as other managed accounts (collectively, "clients"). O'Connor is a party to sub-advisory agreements with UBS O'Connor Limited and UBS Global Asset Management (Hong Kong) Limited (the "Sub-Advisers"), regulated by the FSA and SFC respectively, and wholly owned subsidiaries of UBS AG which is headquartered in Zurich, Switzerland ("UBS"), pursuant to which the Sub-Advisers provide discretionary investment advice to certain of O'Connor's clients. Additionally, O'Connor has entered into a sub-advisory arrangement with Colony Investment Management, LLC ("Colony"), a non-affiliated Investment Advisor who provides research and non-discretionary advice to one of O'Connor's clients. O'Connor may, in the future, select other sub-advisers on a discretionary basis and delegate to such sub-advisers the authority to manage portions of the assets of O'Connor's clients, although O'Connor does not presently intend to do so. O'Connor does not currently have any managed accounts. However, in the future we may decide to maintain managed accounts. In that case, O'Connor generally will have discretionary investment management authority subject to certain guidelines and parameters set forth in the agreements between O'Connor and its clients. The guidelines and parameters applicable to each client's account are individually negotiated with the clients and customized to meet the client's particular needs and objectives.

O'Connor provides advice to clients with respect to investments in funds that purchase and sell securities, commodities, swaps, other derivative instruments and private equity investments.

Other types of investments which O'Connor offers investment advice on, include but are not limited to: (1) forward and spot currency contracts; (2) foreign government and foreign government agency securities; (3) repurchase agreements and reverse repurchase agreements; (4) convertible securities, distressed debt, and preferred stock; (5) privately placed (and therefore not publicly traded) securities; (6) physical commodities (such as gold); (7) mortgage-backed securities; (8) various derivative instruments, including, without limitation, swaps and structured notes; (9) private investment funds, which may or may not be associated with O'Connor or one of its affiliates; and (10) exchange traded funds.

AMOUNT OF MANAGED ASSETS

As of January 1, 2012, we were actively managing \$6,405,100,000 of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Our annual management fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from 1% to 2%. We do not list a fee schedule as our clients are all qualified purchasers.

As compensation for its investment advisory services, O'Connor generally receives a monthly or quarterly management fee in an amount equal to a percentage (typically 1-2% annualized) of the net assets managed by O'Connor at the end of the month or the quarter, respectively. Fees will be calculated based upon the aggregated market value of all assets under management within a client account, including allocations to cash. In the event of termination during a monthly or quarterly period, prorated adjustments in management fees are made, as appropriate.

Management fees and performance based fees and allocations may be reduced, waived or calculated differently with respect to certain investors in the U.S. investment funds and offshore investment funds. Management fees and performance based fees will be negotiated with respect to clients establishing a managed account with O'Connor.

The Sub-Advisers do not receive any compensation from the clients to which they provide discretionary investment advice. Rather, O'Connor compensates the Sub-Advisers directly with its own funds. Management and performance fees will not be charged by O'Connor with respect to client investments in other investment funds managed by O'Connor.

O'Connor advisory fees are separate, distinct, and in addition to any fees that may be charged of expenses incurred by investment companies or other managed entities in which client assets may be invested. Such expenses include operating costs such as fund administration, custody, audit or other similar expenses. Clients will also pay transaction costs, in the form of commissions and spreads, to banks, broker/dealers, futures commission merchants and other counterparties in connection with the acquisition and sale of portfolio securities and other instruments.

O'Connor will directly bill clients for any fees incurred. The fees are included in the NAV of each applicable fund.

GENERAL INFORMATION

ERISA Accounts: UBS O'Connor LLC is deemed to be a fiduciary to advisory clients that are subject to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, UBS O'Connor LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions, or conversely, investment advice about products for which our firm and/or our related persons receive commissions, however, only when such fees are used to offset UBS O'Connor LLC's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may

not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

O'Connor may receive a performance based fee or allocation, based on percentage (typically 20% annualized) of profits. The term "profits" refers to an increase in the value of the net assets of client's account which is attributable to the net realized and unrealized gains arising from the account's investment activities (deducting certain investment related expenses). Any performance based fees or allocations are structure in compliance with the Investment Advisers Act of 1940. Such performance based compensation is calculated and paid either quarterly or annually and is usually subject to a "high water mark" such that a performance based fee or allocation may only be paid after recoupment of all prior investment losses.

To qualify for a performance-based fee arrangement, a new client (or Fund investor, as applicable) must either demonstrate a net worth of at least \$2,000,000 (excluding the value of one's primary residence) or must have at least \$1,000,000 under management immediately after entering into a management agreement with us.

Clients should be aware that performance-based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Furthermore, as we may also have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts.

Conflicts of interest can arise when managing these accounts at the same time. However, O'Connor seeks to resolve these potential conflicts of interest by implementing appropriate processes. Specifically, prior to implementing performance based fee arrangements, these arrangements will be reviewed by our firm to assess whether the proposed fee arrangement would unfairly disadvantage any of our clients. Additionally, we have a trade allocation policy, monitored by compliance, to ensure fair and equitable allocation of investments among client accounts.

Item 7 Types of Clients

O'Connor currently provides advisory services to private U.S. and offshore investment funds, which are exempt from registration under the Investment Company Act of 1940, as amended, (the "Investment Company Act").

Our firm has established certain initial minimum account requirements for separately-managed accounts. O'Connor requires an account minimum of \$50,000,000 for such accounts, subject to limited exceptions. All clients are required to enter into a written advisory agreement prior to the establishment of an advisory relationship.

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

O'Connor employs a number of investment strategies in connection with its investment management services. Investors who invest in funds managed by O'Connor should carefully read the relevant offering memorandum for specific information applicable to that particular vehicle.

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). This type of analysis is conducted primarily from a bottom-up view. This bottom-up analysis typically involves continually monitoring companies looking for change or fundamental trends within them. Views are also made on the effect of various macroeconomic factors such as yield curve, credit spreads, consumer and commercial credit trends, security issuance and fund flows. Typically, target prices are maintained, which are drive by our view of the relative fundamental valuation metrics that each company should trade at given the quality of management, company positioning in the marketplace, the effect of changes in the macroeconomic or regulatory environment on the company or the sector to which it belongs.

From a top-down perspective, we monitor relative valuations and fundamental outlooks at the global, country, sector and sub-sector levels. We look to identify which markets and sectors may be benefiting or are harmed by the current macroeconomic environment.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Quantitative Analysis. We analyze a variety of factors to make long and short investments designed to capture systemic price anomalies. These factors include, but are not limited to, technical, valuation, profitability and macroeconomic indicators such as measures of price appreciation, dividend payments, forward earnings forecasts and long-term interest rates. Each indicator can be attributed to a country, an industry, or a stock-specific effect; the relative importance of these effects is utilized in supporting relative comparisons of security prices.

O'Connor uses various sources of information, including, but not limited to, the following: financial newspapers and magazines; inspections of corporate activities; sell-side research materials; buy-side research materials; corporate rating services; timing services; annual reports, prospectuses and other filings with the Securities and Exchange Commission; company press releases; industry publications; industry conferences and industry consultants. Original research developed by O'Connor and our affiliates will also be used for certain investment strategies. This research incorporates the sources mentioned above as well as information obtained via on-site company visits or attendance at company roadshows or one-on-one presentations.

INVESTMENT STRATEGIES

We use the following strategies in managing our funds, provided that such strategies are appropriate to the needs of the funds and are consistent with investment objectives, risk tolerance, and time horizons, among other considerations:

Long-short market neutral equity. A market-neutral strategy focusing on six global mature sectors (consumer, durables, energy, financials, healthcare and TMT, or telecom-media-technology). Trader/analyst teams serve as co-portfolio managers, employ primarily “bottom up” investment style and focus on tightly-defined sectors. The portfolio generally has a high degree of turnover and limited sector biases are hedged daily, typically using S&P 500, NASDAQ futures or the appropriate indices for the region. Over 1,000 stocks are actively followed by this team, with a focus on North America (approx. 70%), Europe (approx. 25%) and Asia (approx. 5%). The entire spectrum of market capitalizations is covered, with a focus on large and mid-cap companies.

Global Quantitative Equity. A global market neutral equity strategy that uses fundamental, valuation and technical factors to generate alpha within a risk controlled framework. It invests in global equities comprising the MSCI Developed universe. The strategy follows a two-step optimized allocation process, using a model to predict the future relative performance of national industries and a model to predict the relative performance of individual securities.

Global Convertible Arbitrage. A generally market neutral strategy with a global approach to trading, focusing on shorter duration investment grade bonds. Most, if not all, of the Rho exposure of our investment grade names is hedged. Equity and credit selection criteria focus on identifying attractively structured convertible bonds believed to be priced at or below fair value. All securities in the capital structure are considered when hedging; utilizes asset swaps and credit default protection opportunistically. The approach is global, with a focus on the United States, Asia Pacific and Europe.

Credit Strategies. A fundamentally-based, long/short, relative value strategy that invests in the high grade (investment grade) and high yield corporate credit markets. It seeks to generate absolute returns regardless of market direction. The team's fundamental work and relative value analysis across corporate securities, bonds, loans, credit default swaps, convertible bonds, and hybrids, are the drivers of alpha generation/ absolute returns.

Merger and Acquisition Trading. A classic merger arbitrage strategy, which involves

buying the target stock in a merger or acquisition and selling the bidder stock to lock in a spread. Clearly defined catalysts, independent research, disciplined break-loss/downside risk assessment and options trading are core to the team's philosophy. Catalyst-driven opportunities are typically associated with, or serve as supplement to, the merger arbitrage research, analysis and trading has the flexibility to make trades across all aspects of the involved entity's capital structure, where risk/reward is warranted. The investment team may choose to trade in and out of a deal multiple times over the course of its lifetime and/or express its view of the deal not being consummated. The portfolio is global with a focus on North America and Europe. The number of positions depends on merger activity.

Property Strategy. This strategy seeks to realize positive risk-adjusted returns via listed property securities. The primary strategy is long/short equities with event and capital structure arbitrage as ancillary strategies. The strategy seeks to offer diversified exposure to real estate across sub-sectors and geographies, while maintaining liquidity and low correlation to traditional financial indices. The strategy's investable universe is comprised of global listed property companies including Real Estate Investment Trusts (REITs), real estate operating and services companies, homebuilders, and publicly-traded companies with considerable property holdings. Portfolio construction is based upon fundamental analysis incorporating financial modeling and relative and physical asset valuation. Demographic and business cycle perspectives allow for a comprehensive global macro view.

For certain client accounts, O'Connor also engages in private investments of public equity (PIPE) transactions. Through sub-advisers, O'Connor also provides its clients access to emerging markets equity and other long/short equity strategies.

MATERIAL RISKS

All investments carry a certain amount of risk and a client may lose money by investing in any of our strategies. O'Connor cannot guarantee that it will achieve its investment objectives. Below is a summary of certain risks that may be associated with our strategies. This list of risk factors is not a complete enumeration or explanation of the risks involved in a strategy. Prospective clients should read this entire brochure, and the prospectus or offering documents, if any, in connection with investments in pooled funds. Clients should also consult with their own legal, financial, and tax advisors before deciding whether to invest in a strategy.

- *Management risk:* O'Connor's judgments about the fundamental value of securities or other factors showing the attractiveness of investments acquired for a portfolio may prove to be incorrect. In addition; O'Connor's judgments about asset allocations, exposure to foreign currencies and other macro-economic factors may prove to be incorrect.
- *Risk of loss:* Investing in securities involves risk of loss that clients should be prepared to bear. The investment decisions that O'Connor makes for a client are subject to various market, currency, economic, political and business risks, and our investment decisions based on such factors will not always be profitable.

- *No guarantee of investment objectives:* O'Connor does not guarantee or warranty that a client's account will achieve its investment objectives, performance expectations, risk and/or return targets.
- *No government guarantee:* An investment in an account or fund managed by O'Connor is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.
- *Personnel risk:* O'Connor generally utilizes a team approach to managing investment portfolios. However, certain strategies may be dependent upon the expertise of certain key personnel, and any future unavailability of their services could have an adverse impact on the performance of clients invested in such strategies.
- *Diversification and liquidity risk:* Unless otherwise agreed upon by a client and O'Connor, we will not be responsible for the client's overall diversification, asset allocation or liquidity needs. In addition, certain of our strategies may be non-diversified and hold a low number of investments.
- *Tax risk:* Clients should consult their tax advisors regarding the tax consequences of their investments. O'Connor is not a tax advisor, although certain of its investment strategies may consider the potential tax implications of investment decision.
- *Risk of equity instruments:* For strategies investing in equities, there are various risks associated with investing in equity securities, including, without limitation, the following:
 - The stock markets where a portfolio's investments are traded may go down
 - An adverse event, such as negative press reports about a company in the portfolio, may depress the value of the company's stock
 - Small to mid-capitalization companies may have less diversified product or service offerings and less liquidity in the markets which increases their volatility.
- *Risk of fixed income investments:* Risk associated with investing in fixed income securities include:
 - Interest rate risk: If interest rates rise, the prices of fixed income securities in the portfolio may fall, and the longer the maturity of a fixed income security, the greater its sensitivity to changes in interest rates.
 - Credit risk: The issuer may default on its obligation to pay principal or interest, may have its credit rating downgraded by a rating organization or may be perceived by the market to be less creditworthy. Lower-rated bonds are more likely to be subject to an issuer's default than investment grade (higher-rated) bond. Lower-rated bonds may have less liquidity and be more difficult to value in declining markets.
 - Prepayment risk: If interest rates decline, the issuer of a security may exercise its right to prepay principal earlier than scheduled, forcing the account to reinvest in lower yielding securities.

- Extension risk: If interest rates rise, the average life of securities backed by debt obligations is extended because of slower than expected payments. This will lock in a below-market interest rate, increase the security's duration and reduce the value of the security
- *Foreign country and emerging market risks:* Risk associated with investing in foreign and emerging markets include:
 - Vulnerability to economic downturns and instability due to undiversified economies; trade imbalances; inadequate infrastructure; heavy debt loads and dependence on foreign capital inflows; governmental corruption and mismanagement of the economy; and difficulty in mobilizing political support for economic reforms
 - Adverse governmental actions, such as nationalization or expropriation of property; confiscatory taxation; currency devaluations, interventions and controls; asset transfer restrictions; restrictions on investments by non-citizens; arbitrary administration of laws and regulations; and unilateral repudiation of sovereign debt
 - Political and social instability, war and civil unrest.
 - Less liquid and efficient securities markets; higher transaction costs; settlement delays; lack of accurate publicly available information and uniform financial reporting and accounting standards; difficulty in pricing securities and monitoring corporate actions; and less effective governmental supervision
 - Changes in foreign currency exchange rates and in exchange control regulations may adversely affect the value of securities denominated or traded in non-US currencies.

The risks described above are more severe for emerging markets than for non-US developed markets.

- *Asset-backed and mortgage-backed securities risks:* Certain strategies may invest in securitized debt, including asset-backed securities (ABS) and/or mortgage-backed securities (MBS). The investment characteristics of MBS and ABS may differ from traditional debt securities in that interest and principal payments are made more frequently, principal may be prepaid at any time and a number of state and federal law govern and may limit right to the underlying collateral.
- *Derivatives risks:* The use of derivatives involves risks which are different from the risks associated with investing directly in securities. The primary risks of loss associated with derivatives are (i) market risk – the risk that the market value of the investment will decline; (ii) credit risk – the risk that the counterparty to the transaction will default on its obligations; (iii) liquidity risk – the risk that the instrument will not be readily marketable; and (iv) valuation risk – the risk that the instrument may have only one pricing source. Additionally, investments in derivatives include the risk that changes in the value of a derivative may not correlate with the underlying asset, rate, index, or market. Gains or losses involving some options, futures and other derivatives may be substantial. While some derivatives strategies can reduce the risk of loss, the use of derivatives can also reduce the opportunity for gain or result in losses by offsetting favorable price movements

in other investments. Derivatives may create leverage and may pose the risk of losing more than the amount invested.

- *Leverage risk:* Derivatives that involve leverage can result in losses to the client's portfolio that exceed the amount originally invested in the derivative instruments

Certain strategies may use derivatives or may borrow money and purchase investments in order to leverage or gear a client's portfolio. If a client's portfolio is levered and the investments decrease in value, the client's losses will be greater than if the client's portfolio was not leveraged. In addition, if the return on an investment purchased with borrowed funds is not sufficient to cover the cost of borrowing, then the net income of the client will be less than if borrowing were not used.

- *IPO risks:* The purchase of shares sold in initial public offerings (IPOs) may expose the strategy to the risks associated with issuers that have no operating history as public companies, as well as potentially significant price fluctuations.
- *Short sales risk:* Short sales involve the risk that the client will incur a loss by subsequently buying a security at a higher price than the price at which the client previously sold the security short. This would occur if the securities lender required the client to deliver the securities the client had borrowed at the commencement of the short sale and the client was unable to either purchase the security at a favorable price or to borrow the security from another securities lender. If this occurs at a time when other short sellers of the sale security also want to close out their positions, a "short squeeze" can occur. A short squeeze occurs when demand is greater than supply for the security sold short. Because the loss on a short sale arises from increases in the value of the security sold short, such loss is theoretically unlimited.
- *Non-publicly traded securities, private placements and restricted securities:* Investing in unregistered or unlisted securities may involve a high degree of business and financial risk that can result in substantial losses, due to the absence of a public trading market for these securities and the absence of public disclosure and other investor protection requirements applicable if the securities were publicly traded
- *Illiquid securities:* Certain strategies (e.g., multi-asset portfolios, private equity, real estate, infrastructure, etc.) may invest in illiquid assets, such as private equity, venture capital, real estate, infrastructure, etc. Exposure to an illiquid asset class will be made by purchasing interests in a privately offered pooled investment vehicle ("illiquid asset vehicle"). Investment in an illiquid asset vehicle poses similar risks as direct investments in illiquid securities. In addition, investment in an illiquid asset vehicle will be subject to the terms and conditions of the illiquid asset vehicle's investment policy and governing documents which often include provisions that may involve investor lock-in periods, mandatory capital calls, redemption restrictions, infrequent valuation of assets, etc.
- *Investments in pooled investment funds:* In lieu of direct investment, certain strategies may invest in one or more pooled investment funds managed by O'Connor or its affiliates ("affiliated funds") or by unaffiliated third party managers ("unaffiliated funds"), including, mutual funds, exchange-traded funds (ETFs), collective investment funds, private funds, offshore funds, real estate funds, etc. A fund's investments will be made in accordance with the fund's offering documents (e.g., prospectus, offering memorandum, etc.) and governing instruments. In addition, to the extent a strategy invests in a pooled investment fund, there may be additional risks discussed in the fund's offering documents or governing instruments which are not discussed in this brochure.

Prior to investing an account in a fund, O'Connor will assess whether it believes the investment is consistent with the client's investment guidelines as well as applicable law and regulation (e.g., Investment Company Act of 1940, ERISA, etc.). A client will generally bear, indirectly, fund investment expenses (e.g., brokerage commissions to execute portfolio trades, etc.) and operating costs (e.g., administration, custody, audit, etc.). When a client's account invests in an affiliated fund, the client will not normally pay any additional investment management fees to O'Connor in connection with investing in the affiliated fund. When investing in an unaffiliated fund, the client will normally bear, indirectly, fees paid by the fund to its investment manager.

- *Frequent trading:* Certain strategies may involve frequent trading of securities. Frequent trading can impact a portfolio's investment performance due to increased brokerage and other transaction costs. For taxable clients, frequent trading may also result in short-term capital gains which are taxed at a higher rate than long-term capital gains.

Item 9 Disciplinary Information

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

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

O'Connor is a wholly owned subsidiary of UBS AG. Among UBS AG's direct and indirect affiliates and related persons are various broker-dealers, investment advisers and banking organizations. Some of these related persons are also registered as commodity pool operators, commodity trading advisers or future commission merchants. O'Connor has and it anticipates it will maintain arrangements with UBS AG and its affiliates that are material to its advisory business. For example, O'Connor may from time to time enter into arrangements to purchase certain investment advisory, brokerage, and incidental services, and foreign exchange services from UBS AG and its affiliates. In addition, O'Connor has service level agreements with UBS AG and its affiliates pursuant to which the affiliates provide certain services including, but not limited to: technology production services, premises/corporate services, human resources services, financial control services, market risk services, legal services, compliance services, and equity trading support services.

As discussed under various Items of this disclosure statement, O'Connor engages in a variety of transactions involving its affiliates in connection with O'Connor's investment products and services. O'Connor may serve as investment adviser for certain assets controlled by its affiliates.

O'Connor is not a broker/dealer in securities or foreign exchange; however, its ultimate parent company (UBS AG) is, as well as its affiliates UBS Financial Services, Inc. ("UBS Financial Services"), UBS Securities, Inc. and UBS Global Asset Management (US) Inc. Additionally, O'Connor utilizes the services of a number of UBS's subsidiary companies that act as broker/dealers in securities and foreign exchange. Although O'Connor is not a party to the agreements, some of the investment funds managed by O'Connor have executed prime brokerage agreements and/or administration agreements with UBS and its affiliates.

O'Connor is one of several entities within the UBS Global Asset Management Business Group ("UBS Global AM Group") of UBS. In addition to O'Connor and the Participating Affiliates mentioned below, UBS Global AM Group includes UBS Global Asset Management (US) Inc., UBS Global Asset Management (Americas) Inc., UBS Global Asset Management (Canada) Co., UBS Asset Management International Limited, UBS Realty Investors LLC, UBS Agrivest LLC, and Global Asset Management (USA) Inc., UBS Alternative and Quantitative Investments LLC, and UBS Global Asset Management (Hong Kong) Limited. Within UBS Global Asset Management (Hong Kong) Limited (which acts as a Participating Affiliate for O'Connor in certain strategies) there is an associated person whose functions and duties relate to the determination and recommendations that O'Connor makes to its U.S. and Non-U.S. clients. The associated person is David Halek. Within UBS O'Connor Limited (which acts as a Participating Affiliate for O'Connor in certain strategies) there are several associated persons whose functions and duties relate to the determination and recommendations that O'Connor makes to its U.S. and Non-U.S. clients. These associated persons include Stanford "Doc" Horn and Vladimir Postolovsky.

O'Connor has entered into sub-advisory or other service agreements with several of the Participating Affiliates and other affiliates mentioned above and may enter into such contracts with other such entities in the future.

O'Connor's parent company, UBS, and a number of its subsidiary companies, act as futures commission merchants and commodity trading advisers with regard to futures, options and derivatives.

O'Connor's parent company, UBS, and a number of its subsidiary companies, are engaged in banking activities.

O'Connor may affect U.S. and foreign securities or other investment transactions with its affiliates, including, but not limited to legal entities within the UBS Investment Bank Business Group ("UBS Investment Bank") for which O'Connor's affiliates will be compensated. Any such transactions, including agency, agency cross and principal transactions, will be effected in compliance with applicable law, including applicable regulations and interpretations of the Securities and Exchange Commission ("SEC") under the Advisers Act. Such rules are designed to prevent some of the inherent conflicts of interest these transactions may present. For instance, principal transactions could allow O'Connor or its affiliates to place unwanted securities into a client's account or could be executed at prices more favorable to O'Connor or its affiliate. Agency cross transactions present similar conflicts in that the transaction may favor one client over the other. Agency transactions present a conflict in that transactions may be generated to earn additional compensation for O'Connor's affiliate. In order to prevent possible abuses by an advisor, the SEC rules regarding these types of transactions may include obtaining consent from the client and disclosing information regarding the transactions to enable the client to determine if consent should be given; such as the current market price of the security. All such transactions will be accomplished in accordance with best execution. In addition, investment funds managed by O'Connor may have entered into a prime brokerage agreement with UBS or one of its affiliates.

O'Connor may at times arrange transactions between its clients. O'Connor may arrange these transactions for a number of reasons including monthly rebalancing of certain client

accounts within the same investment strategy or on an ad hoc basis when one account may have a need to sell a security that another account may have an interest in purchasing. In these circumstances, O'Connor will execute the transactions directly between the clients because O'Connor believes it is in each client's best interest since the clients avoid incurring commission costs. As such, these transactions are not usually charged a commission or any additional fees. Generally, the transactions are executed at the closing price on the primary exchange of the security or at another current market price independently set by a person other than O'Connor.

UBS and its branches and subsidiaries around the world may buy, sell or hold securities that are held in account of O'Connor's clients. O'Connor may, in compliance with applicable law, recommend or effect securities transactions, in which its affiliates, including UBS and UBS Investment Bank, may have an interest or position, make a market or have an underwriting role. Such transactions may be effected through an unrelated party or an affiliated party as required by applicable law. O'Connor makes its investment decisions independently of UBS and its affiliates. O'Connor may, from time-to-time, purchase securities issued by an affiliate and/or parent company, such as UBS AG, for client accounts and funds where such a purchase is neither statutorily nor contractually prohibited; the types of securities may include, but are not limited to, common stock as well as short-term, cash instruments such as commercial paper.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

O'Connor and our personnel owe a duty of loyalty, fairness and good faith towards our clients, 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.

Unless specifically exempted, our Code of Ethics generally requires employees to pre-clear all securities transactions, and imposes certain "lockout" periods whereby certain employees may not be able to trade in a particular security if we are recommending a transaction in that security for clients. These lockout periods are subject to certain exceptions upon approval by a compliance officer. Employees also are required to hold equity securities and closed-end funds for a period of at least 30 days. The restrictions generally do not apply to accounts in which an employee has an interest but which is subject to a discretionary investment management agreement, whether with O'Connor, an affiliate or an unaffiliated manager. Our employees may be investors in certain pooled vehicles for which we or an affiliate acts as investment adviser. For purposes of the Code of Ethics, such investment vehicles are treated as clients and are not subject to the personal trading restrictions described above.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to charles.mathys@ubs.com, or by calling him at 312-525-

6452.

O'Connor may, at times, effect client transactions considered agency cross transactions, provided that the transaction is consistent with our firm's fiduciary duty to the client and that all requirements outlined in Sec. 206(3)-2 of the Investment Advisers Act of 1940 are met.

An agency cross transaction is a transaction where our firm acts as an investment adviser in relation to a transaction in which O'Connor or any person controlled by or under common control with our firm, acts as broker for both the advisory client and for another person on the other side of the transaction.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
4. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his designee.
5. We have established procedures for the maintenance of all required books and records.
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm upon starting employment and thereafter on an annual basis.
8. We have established policies requiring the reporting of Code of Ethics violations to our senior management.

9. Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

When selecting brokers and dealers to execute transactions, O'Connor seeks to obtain best execution and may consider factors such as a broker's or dealer's willingness to commit capital, financial stability, systems including electronic trading systems, facilities and recordkeeping, proprietary research and experience in the handling of similar transactions (based on size, market conditions and type of security, among other factors). To facilitate O'Connor's review and consideration of these factors, O'Connor utilizes, among other things, internal surveys completed by O'Connor's investment trading professionals, which analyze the overall value provided to client accounts by individual brokers or dealers; their rates of commission, mark-up and mark-downs; their applicable margin levels and financing rates and other applicable fees and charges; and their overall responsiveness to O'Connor. Additionally, O'Connor may consider a broker's or dealer's relative performance on industry surveys and studies of execution quality. In connection with O'Connor's policy to seek best execution, there may be occasions where O'Connor uses a broker or dealer that charges a higher transaction price if O'Connor determines in good faith that the amount of such cost is reasonable in relation to the value of the product and/or service provided by the executing broker or dealer. As a result of considering the multiple factors, O'Connor may pay a broker or dealer a higher transaction price than the amount that would be charged by another broker or dealer to execute the same transaction.

In addition to the proprietary research that O'Connor may receive from brokers or dealers, O'Connor may also enter into both soft dollar and commission sharing arrangements ("CSAs") to obtain research and other soft dollar services from brokers and dealers (such brokers/dealers may also be affiliates of O'Connor). Such arrangements with brokers or dealers may include executions through electronic trading systems. Some of these arrangements do not comply with section 28 (e) of the Exchange Act ("Section 28 (e)"), in part because O'Connor can negotiate greater discounts from vendors by negotiating global agreements with its affiliates. In some instances, this would require the brokers or dealers paying for the service utilized by O'Connor to send the payment directly to such affiliate that paid the global bill which would also be outside of Section 28 (e). When entering into a soft dollar arrangement with a broker or dealer, O'Connor will identify a level of business it expects to conduct with that broker or dealer based on O'Connor's historic trading levels with that entity and with the assumption the broker or dealer will continue to provide client transactions with best execution. The actual amount of business transaction volume is allocated on the basis of the multiple factors described above. Furthermore, O'Connor will use commission credits generated from transactions in client accounts to obtain products and services that fall both within and outside of definition of "research" as that term is interpreted in Section 28 (e).

O'Connor generally will obtain the following products/services that fall under Section 28 (e)'s definition of "research": research reports (in various formats) on particular companies, industries, sectors, markets (general and specific) and geographic regions; economic surveys and analyses; recommendations as to specific securities; on-line quotations, news and

research services; trade execution, portfolio and risk management systems/software (which may include fees charged by consultants to build and/or maintain such systems); market data services, pricing services and feeds. All of the foregoing provides assistance to O'Connor in the performance of its investment decision making responsibilities on behalf of its client accounts. The items listed above may be allocated to O'Connor by one or more of its affiliates based on the number of trading professionals employed by O'Connor. These allocations are reviewed, but are not independently calculated by O'Connor. Therefore, it is possible that O'Connor will be allocated slightly more or less than its pro-rata share of these allocated expenses. O'Connor may also allocate costs among Sub-managers based on standard back charges among the affiliates for common usage of systems where such costs are not permitted to be paid for with soft dollars by that Sub-manager. In those instances the Sub-manager will pay their costs with hard dollars.

O'Connor may use soft dollars generated from client's transactions to obtain non-research products and services, including without limitation, software and hardware for O'Connor's risk management, portfolio management, compliance, accounting, trade allocation and other internal systems and technological infrastructure (which may be allocated to it by one of more of its affiliates or shared by Sub-managers as described above) that may be used by O'Connor's trading and non-trading professionals; consulting services, including consultant's travel and related expenses associated with the maintenance and development of such equipment and systems previously described; depreciation of hardware allocated by its parent company; corporate actions; data services; non-research publications and subscriptions; legal, audit and other professional consulting bills of the investment accounts and vehicles managed by O'Connor.

The use of both soft dollar arrangements and CSAs to obtain products and services will benefit, and create a conflict of interest for, O'Connor since it will not need to produce or pay for such products and services out of its own funds. Inherent in the conflict of interest is that fact that, generally, the greater the amount of brokerage services directed to a particular broker, the greater amount of soft dollar credits that will be granted from such broker to O'Connor. Furthermore, the cost of product and services purchased with soft dollars will be borne pro rata among client accounts, and some products and services may be used to benefit client accounts other than those who trades generated the soft dollar credits paid to obtain such products and services. Also, some accounts may not contribute any commission dollars towards soft dollar services and still benefit from soft dollar services.

Investment management agreements with clients authorize O'Connor to make use of soft dollars as described above. In addition, by executing the subscription documents of a fund managed by O'Connor, shareholders will be agreeing that O'Connor has the authority to engage in such practices.

O'Connor may purchase or sell the same security or instruments for more than one client account simultaneously. With respect to equity securities, when possible, orders for the same security are aggregated or "batched" to facilitate best execution and to reduce brokerage commissions and other costs. O'Connor effects batched transactions in a manner designed to

ensure that no participating client is favored over any other client. Specifically, each client that participates in a batched transaction will receive the average share price for all the fills in that security on that business day, with respect to that batched order.

Securities purchased or sold in a batched transaction are allocated on a pro rata basis, unless certain exceptions noted below apply, to the participating client accounts in proportion to the value of the initial order based on account size. O'Connor may, however, increase or decrease the amount of securities allocated to a particular account to avoid odd-lot or a small number of shares being held by an account. In some instances, the procedures described above may adversely affect the size of the position or the price paid or received by the client, as compared with the position size or price that would have been received had no aggregation occurred. Exceptions to allocations across client accounts in a manner other than pro-rata is based upon the capital of the client account allocated to the relevant strategy for which the trade was executed and are reviewed by compliance.

Item 13 Review of Accounts

Every client account is reviewed by investment specialists. These specialists will review the status of O'Connor's managed advisory accounts at least weekly and in most instances daily. The review process will include an ongoing consideration of major market and economic developments and their effects on the securities held in O'Connor's clients' accounts. In addition, the review process will involve a review and analysis of the performance of the individual positions held in an account, the performance of the entire portfolio of securities held in the account generally and the risks inherent in the individual positions and portfolio as a whole. Additionally, client accounts are reviewed by market risk personnel. Market risk personnel review accounts to determine whether any internal guidelines as well as contractual guidelines may have been violated.

Clients whose accounts are managed by O'Connor will generally receive monthly and annual unaudited statements from O'Connor. Each of the investment funds that O'Connor advises or manages, will prepare and arrange for each investor the ability to obtain an audited financial report of such fund audited by such fund's independent auditors, as soon after the end of each fiscal year as is reasonably possible. Investors generally will also receive unaudited monthly performance reports at least quarterly. With respect to each U.S. investment fund managed or advised by O'Connor, each investor will receive tax information regarding each applicable fund that is necessary for the completion of such investor's U.S. tax returns.

Item 14 Client Referrals and Other Compensation

O'Connor has a policy with regard to the compensation of solicitors (which may include affiliates) for new business designed to adhere with the Advisers Act to the extent necessary pursuant to which O'Connor may in limited circumstances compensate persons who introduce investors to investment funds manager by O'Connor with a portion of the management fee or a portion of the performance based fee for a period of time which varies on a case-by-case

basis.

Representatives of O'Connor will, from time to time, speak at conferences and participate in programs sponsored by prime brokers that are utilized by O'Connor for its clients. These conferences and programs are a means for O'Connor to be introduced to potential investors and are considered a value added service by the prime brokers. The prime brokers are generally not compensated by O'Connor for providing such "capital introduction" opportunities. However, the provision of these capital introduction opportunities, as well as any other services, by a prime broker may influence the Investment Manager in deciding whether to recommend the services of such prime broker in connection with the custody and execution related transactions of O'Connor's clients. Additionally, these "capital introduction" services could be deemed to be part of the bundled services and fees that are charged to O'Connor's clients and not to O'Connor itself, thus providing O'Connor with a benefit and an additional conflict of interest when recommending prime brokers to its clients. These capital introduction opportunities are reviewed by compliance and are usually subject to written agreements between the prime broker and O'Connor.

Item 15 Custody

O'Connor does not maintain physical custody of any client assets as all of O'Connor's clients' assets are maintained by qualified custodians. However, the qualified custodians of these accounts may be affiliated with O'Connor therefore resulting in constructive custody of certain client accounts. For such accounts, an independent public accounting firm subject to inspection by the Public Company Accounting Oversight Board ("PCOAB"), audits the financial statements of those pooled investment vehicles. Audited annual financial statements of these vehicles are distributed to their investors within 120 days of the accounts' fiscal year end. Furthermore, O'Connor receives an internal control report containing an opinion from an independent public accountant with respect to custodial services provided by our affiliated custodians.

Item 16 Investment Discretion

O'Connor will provide discretionary investment management services to its clients. O'Connor and its Sub-advisers, will make investment related decisions without consulting the client. These decisions involve determinations regarding which securities are bought and sold for the account, the total amount of securities to be bought and sold, the brokers with whom orders for the purchase and sale of securities are placed for execution and the prices and commission rates at which such securities transactions are effected. O'Connor's discretionary authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between O'Connor and the client, and clients may limit O'Connor's discretionary authority with respect to brokerage by directing that transactions be effected or not effected through specified brokers.

Clients give us discretionary authority when they sign a discretionary agreement with our firm,

and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

Unless clients have reserved voting rights to themselves, O'Connor will direct the voting of proxies on securities held in their accounts. O'Connor's proxy policy is based on O'Connor's belief that voting rights have economic value and must be treated accordingly. Generally, O'Connor expects the boards of directors of companies issuing securities held in client accounts to act as stewards of the financial assets of the company, to exercise good judgment and practice diligent oversight with the management of the company. While there is not absolute set of rule that determine appropriate corporate governance under all circumstances and no set of rules will guarantee ethical behavior, there are certain benchmarks, which, if substantial progress is made toward, give evidence of good corporate governance. O'Connor may delegate to an independent proxy voting and research service the authority to exercise the voting rights associate with certain client holdings. Any such delegation shall be made with the direction that the votes be exercised in accordance with O'Connor's proxy voting policy.

When O'Connor's view of a company's management is favorable, O'Connor generally supports current management initiatives. When O'Connor's view is that changes to the management structure would probably increase shareholder value, O'Connor may not support existing management proposals. In general, O'Connor: (1) opposes proposals which act to entrench management; (2) believes that boards should be independent of company management and composed of persons with requisite skills, knowledge and experience; (3) opposes structures which impose financial constraints on changes in control; (4) believes remuneration should be commensurate with responsibilities and performance; and (5) believes that appropriate steps should be taken to ensure the independence of auditors.

O'Connor has implemented procedures designed to identify whether O'Connor has a conflict of interest in voting a particular proxy proposal, which may arise as a result of its or its affiliates' client relationships, marketing efforts or banking, investment banking and broker-dealer activities. To address such conflicts, O'Connor has imposed information barriers between it and its affiliates who conduct banking, investment banking and broker-dealer activities. Whenever O'Connor is aware of a conflict with respect to a particular proxy, compliance undertakes a review and agrees to the manner in which such proxy is voted.

A copy of O'Connor's full proxy voting policy is available to clients upon request. Additionally, information about how O'Connor voted proxies for securities held in a client's account will be made available upon request.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. UBS O'Connor LLC has no additional financial circumstances to report.

UBS O'Connor LLC has not been the subject of a bankruptcy petition at any time during the past ten years.