

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of **UBS Eucalyptus Management, LLC**. If you have any questions about the contents of this brochure, please contact Frank Pluchino at 212-821-6053 or email him at frank.pluchino@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 Eucalyptus Management, LLC** 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. Our firm's CRD number is 109333.

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 03/31/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

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.

There have been no material changes since the issuance of this document on March 31, 2011.

In this brochure we have updated the Asset under Management section.

Lastly, the PW Eucalyptus Fund Ltd is in the process of liquidation. Once that Fund is closed and the entity dissolved the advisor, UBS Eucalyptus Management LLC's only client will be an investment company registered with the SEC under the Investment Company Act of 1940. Therefore, we shall be retiring this brochure at that time, as under SE rules we are not required to have a brochure if or only client(s) are investment companies registered with the SEC under the Investment Company Act of 1940.

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Item 4 Advisory Business

UBS Eucalyptus Management, LLC is a SEC-registered investment adviser. UBS Eucalyptus Management, LLC is a joint venture between UBS Alternative and Quantitative Investments LLC (a.k.a. Alternative Investment Solutions or "AIS") and OrbiMed Advisors Inc.. OrbiMed serves as the portfolio manager of the two funds that UBS Eucalyptus Management, LLC is the named advisor for UBS Eucalyptus Fund LLC, a Fund registered under the Investment Company Act of 1940, and the PW Eucalyptus Fund L.P. An offshore vehicle manages in a similar manner to the UBS Eucalyptus Fund LLC. The advisory firm was established in September 1999.

AIS is the managing member of the Investment Manager and oversees the Investment Manager's provision of investment advice to the two funds. OrbiMed provides the Investment Manager with the use of and access to such of its personnel, research and facilities as the Investment Manager requires to manage the funds investment portfolio, and these individuals have the sole responsibility, subject only to the supervision of the Investment Manager for the investment advisory services provided to the funds.

AIS is wholly owned subsidiary of UBS AG Among AIS' direct and indirect affiliates and related persons are various broker-dealers, investment advisors and banking organizations. AIS has and anticipates that it will maintain arrangements with UBS AG and its affiliates that are material to its advisory business. In addition, AIS has service level agreements with UBS AG and its affiliates pursuant to which the affiliates provide certain services including, but not limited to: technology development services, technology production services, premises/corporate services, distribution arrangements, human resources services, financial control services, market risk services, legal services, compliance services, and equity trading support services.

OrbiMed, a corporation organized in the United States in 1998, is registered as an investment adviser under the Advisers Act. Samuel D. Isaly is the president of OrbiMed. Mr. Isaly is the person who will be primarily responsible for the day-to-day management of the funds investment portfolio and will be directly assisted by other investment professionals employed by OrbiMed who act on behalf of the Investment Manager. OrbiMed (which Mr. Isaly founded and controls), its predecessor firm and its affiliates have provided investment advisory services to individuals, businesses and other entities since 1989.

Mr. Isaly has been active in international and health care investing throughout his career, beginning at Chase Manhattan Bank in 1968. In 1982, his company, Gramercy Associates, was the first to develop an integrated, worldwide system of analysis on the 100 leading pharmaceutical companies, with investment recommendations conveyed to 50 leading financial institutions in the U.S and Europe. Gramercy Associates was absorbed into S.G. Warburg & Co., Inc., in 1986, where Mr. Isaly was Senior Vice President and international equity analyst. For a time, Mr. Isaly also was associated with Credit Suisse as an analyst of the European pharmaceutical industry. In all, he has worked as a pharmaceutical and international investment specialist for 30 years.

In March 1989, Mr. Isaly co-founded Mehta and Isaly, which provided investment ideas to institutional investors on worldwide health care, undertook cross-border merger, acquisition

and alliances projects in the industry and provided investment management services to selected investors. In early 1998, Mr. Isaly formed OrbiMed, a successor to an affiliate of Mehta and Isaly.

Mr. Isaly earned a B.A. degree from Princeton University and a M.S. in economics from the London School of Economics. AIS is the managing member of the joint venture advisory Firm and has nearly a 95% ownership interest.

AIS affiliates are major market participants in the equity, fixed-income, global currency, commodity, derivative and other markets. As a result, at the same time as AIS is advising a client, AIS affiliates may be actively engaged in transactions and in rendering discretionary or non-discretionary investment advice on behalf of other clients and accounts which may or may not involve the same alternative asset managers (the "Sub-managers") and/or the funds they operate (the "Portfolio Funds") in which a client will invest.

AMOUNT OF MANAGED ASSETS

As of 1/1/2012, we were actively managing approximately \$136,000,000 of fund assets on a discretionary basis. The fees we charge for the management of our funds is clearly stated in each fund offering documents

Item 5. Fees and Compensation

GENERAL INFORMATION

AIS provides certain management and administrative services to the fund, including, among other things, providing office space and other support services to the funds. In consideration for such services, the funds will pay AIS a monthly fee (the "Fee") at the annual rate of 1.25% of the funds net assets for the month. "Net assets" means the total value of all assets of each fund, less an amount equal to all accrued debts, liabilities and obligations of each fund, calculated before giving effect to any repurchases of interests. The Fee will be computed as of the start of business on the first business day of each month, after adjustment for any capital contributions effective on such date, and will be due and payable in arrears within five business days after the end of such month. The Fee will be charged in each fiscal period to the capital accounts of all Investors in proportion to their capital accounts at the beginning of such fiscal period. A portion of the Fee will be paid by AIS to OrbiMed.

The Administrator performs certain other administration, accounting and investor services for the funds and other investment funds sponsored or advised by AIS or its affiliates. In consideration for these services, the funds will pay the Administrator an annual fee based on: (i) the average net assets of each fund, subject to a minimum monthly fee, and (ii) the aggregate net assets of such other funds, subject to a minimum monthly fee, and will reimburse the Administrator for out-of-pocket expenses.

In addition, the capital accounts of Investors may be subject to an Incentive Allocation depending upon the investment performance of the Fund.

The funds will bear all expenses incurred in the business of the funds other than those specifically required to be borne by AIS. Expenses to be borne by the funds include, but are not limited to, the following:

- all costs and expenses directly related to portfolio transactions and positions for the funds account, including, but not limited to, brokerage commissions, research fees, interest and commitment fees on loans and debit balances, borrowing charges on securities sold short, dividends on securities sold short but not yet purchased, custodial fees, margin fees, transfer taxes and premiums and taxes withheld on foreign dividends;
- all costs and expenses associated with the organization and registration of the funds, certain offering costs and the costs of compliance with any applicable Federal or state laws;
- the costs and expenses of holding any meetings of any Investors that are regularly scheduled, permitted or required to be held under the terms of the LLC Agreement, the 1940 Act or other applicable law;
- fees and disbursements of any attorneys, accountants, auditors and other consultants and professionals engaged on behalf of the funds;
- the fees of custodians and other persons providing administrative services to the funds;
- the costs of a fidelity bond and any liability insurance obtained on behalf of the fund, the Adviser or the Directors;
- all costs and expenses of preparing, setting in type, printing and distributing reports and other communications to Investors;
- all expenses of computing the funds net asset value, including any equipment or services obtained for the purpose of valuing the funds investment portfolio; and
- all charges for equipment or services used for communications between the funds and any custodian, or other agent engaged by the funds; and

The Adviser will be reimbursed by the funds for any of the above expenses that it pays on behalf of the funds.

Limited Negotiability of Advisory Fees:

In connection with initial and additional purchases of fund interests, Investors may be charged by UBS Financial Services and its Financial Advisors, as well as third party securities dealers and other industry professionals, a placement fee of up to 2% of the Investor's capital contribution, in their sole discretion. The placement fee will be added to the purchase price

and will not constitute assets of the funds. The management fee and Incentive fee for the funds are not subject to negotiation.

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

PERFORMANCE-BASED FEES

Any performance based fees or allocations are structured in compliance with Rule 205-3 of the Investment Advisors Act of 1940. 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.

Incentive Allocation

So long as the Adviser serves as the investment adviser of the funds, the Adviser will be entitled to a performance-based allocation (the "Incentive Allocation"), charged to the capital account of each Investor as of the last day of each "allocation period," of 20% of the amount by which any "allocated gain" during an allocation period exceeds the positive balance in the Investor's "loss recovery account." The Incentive Allocation will be credited to the Special Advisory Account.

For purposes of calculating the Incentive Allocation, "allocated gain" means the excess of the balance of the Investor's capital account at the end of an "allocation period," after giving effect to allocations other than the Incentive Allocation, but before giving effect to any distributions and repurchases of interests by the Fund or debits to such capital account to reflect any item (other than management fees) not chargeable ratably to all Investors, over the balance of the Investor's capital account at the start of such allocation period. Consequently, any Incentive Allocation to be credited to the Adviser will be increased by a portion of the amount of any net unrealized appreciation, as well as net realized gains, allocable to an Investor.

An Incentive Allocation will be charged only with respect to any "allocated gain" in excess of the positive balance of a "loss recovery account" maintained for each Investor. A "loss recovery account" is a memorandum account maintained by the funds for each Investor, which has an initial balance of zero and is (1) increased after the close of each "allocation period" by the amount of any negative performance for such Investor during such allocation period, and (2) decreased (but not below zero) after the close of each allocation period by the amount of any allocated gain for such Investor during such allocation period. Any positive balance in an Investor's loss recovery account would be reduced as the result of a repurchase or certain transfers with respect to the Investor's interest in the funds in proportion to the reduction of the Investor's capital account attributable to the repurchase or transfer.

An "allocation period," as to each Investor, is a period commencing as of the date of admission of such Investor to the funds and ending at the close of business on the first to occur of the following: (1) the last day of the twelfth complete calendar month since the admission of such Investor to the funds; (2) the last day of a fiscal year of the funds subsequent to such Investor having been admitted to the funds for twelve complete calendar months, and the last day of each fiscal year of the funds thereafter; (3) the day as of which the funds repurchases any interest or portion of an interest of such Investor; (4) the day as of

which the funds admits as a substituted Investor a person to whom the interest (or portion thereof) of such Investor has been transferred (unless there is no change of beneficial ownership); or (5) the day as of which the status of the Adviser as Special Advisory Member is terminated. The measurement of any Incentive Allocation for an allocation period must take into account any negative performance from a prior allocation period to the extent reflected in the "loss recovery account." Therefore, the Incentive Allocation for any allocation period after the initial 12-month period in effect is a reflection of the extent to which cumulative performance achieved with respect to an Investor's account since such Investor's admission to the funds exceeds the highest previous level of performance achieved through the close of any prior allocation period.

Within 30 days of each allocation period with respect to each Investor, and subject to certain limitations, the Adviser may withdraw up to 100% of the Incentive Allocation, computed on the basis of unaudited data, that was credited to the Adviser's capital account and debited from the Investor's capital account with respect to such allocation period. The funds will pay any balance, subject to audit adjustments, within 30 days after the completion of the audit of the Fund's books.

Any performance based fees or allocations are structured in compliance with Rule 205-3 of the Investment Advisors Act of 1940.

The Incentive Allocation of 20% of net profits to the capital account of the Adviser may create an incentive for the Adviser to make investments that are riskier or more speculative than those that might have been made in the absence of the Incentive Allocation. In addition, because the allocation is calculated on a basis that includes unrealized appreciation of the Fund's assets, the Incentive Allocation may be greater than if it were based solely on realized gains.

As mentioned in Item 4, UBS Eucalyptus Management, LLC is a joint venture between UBS Alternative and Quantitative Investments LLC (a.k.a. Alternative Investment Solutions or "AIS") and OrbiMed Advisors Inc. OrbiMed serves as the portfolio manager of the funds. As such OrbiMed has an incentive to favor accounts in which they receive a greater amount of compensation. The Portfolio Manager has adopted policies to address this conflict (i.e. Allocation policy) Please refer to OrbiMed Advisors ADV Part 2 for full information as it pertains to how mitigate this conflict.

Item 7 Types of Clients

UBS Eucalyptus Management LLC provides advisory services to the following types of clients:

- An Investment Company and
- A pooled investment vehicle (e.g. an offshore hedge fund)

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

General

All securities investments risk the loss of capital. Since the funds will be concentrated in securities of issuers in two industries, the risk of an investment in the funds is increased. The value of the funds total net assets should be expected to fluctuate. If the fund uses leverage, the funds net assets are likely to appreciate or depreciate at a greater rate than if leverage were not used.

Biotechnology and Pharmaceuticals Sector Investing

Since the funds investments will be concentrated in securities of biotechnology and pharmaceuticals companies, the investment risk is greater than if the funds were invested in a more diversified manner among various industries.

Many biotechnology and pharmaceuticals companies are subject to substantial governmental regulations that can affect their prospects. Changes in governmental policies may have a material effect on the demand for particular products and services. Regulatory approvals (often entailing lengthy application and testing procedures) also may be required before new drugs and certain medical devices and procedures can be introduced. Many biotechnology and pharmaceuticals companies have products and services that are subject to the risks of rapid obsolescence caused by progressive scientific and technological advances. The enforcement of patent, trademark and other intellectual property laws may affect the value of many of these companies. The funds may invest in securities of emerging growth companies in these industries, which may offer limited products or services or which are at the research and developmental stage with no marketable or approved products or technologies and, thus, have no earnings or have experienced losses. While the funds generally will make these investments based on a belief that actual or anticipated products or services will produce future earnings, if an anticipated event is delayed or does not occur, or if investor perceptions about a company change, the company's stock price may decline sharply and its securities may become less liquid.

Equity Securities

The funds investment portfolio will include long positions and may include short positions in common stocks, preferred stocks and convertible securities of U.S. and foreign companies. The funds also may invest in depositary receipts relating to foreign securities. The value of the funds equity securities will vary in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and general market and economic conditions.

The funds may invest in equity securities without restriction as to market capitalization, such as those issued by smaller capitalization companies, including micro cap companies. The prices of the securities of some of these smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies, because they typically are traded in lower volume and the issuers typically are more subject to changes in earnings and prospects. The funds may purchase securities in all available securities trading markets, including initial public offerings and the aftermarket. The funds may invest in the equity securities of pooled investment vehicles, such as registered investment companies, including exchange traded funds (commonly known as ETF's).

The funds investments in equity securities of U.S. companies are expected to include securities that are listed on U.S. securities exchanges as well as unlisted securities that are traded over-the-counter. Equity securities of companies traded over-the-counter may not be traded in the volumes typically found on a national securities exchange. Consequently, the funds may be required to dispose of such securities over a longer (and potentially less favorable) period of time than is required to dispose of the securities of listed companies.

Common Stocks. Common stocks are shares of a corporation or other entity that entitle the holder to a pro rata share of the profits, if any, of the entity without preference over any other shareholder or claim of shareholders, after making required payments to holders of such entity's preferred stock and other senior equity. Common stock usually carries with it the right to vote and frequently an exclusive right to do so.

Preferred Stocks. Preferred stock generally has a preference as to dividends and upon liquidation over an issuer's common stock, but ranks junior to debt securities in an issuer's capital structure. Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock also may be subject to optional or mandatory redemption provisions.

Convertible Securities. Convertible securities are bonds, debentures, notes, preferred stock or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics, in that they generally (1) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (2) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (3) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also may have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. Generally, the conversion value decreases as the convertible security approaches maturity. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to

which investors place value on the right to acquire the underlying common stock while holding a fixed-income security.

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

Fixed-Income Securities

The funds may invest in fixed-income securities. The Adviser will invest in these securities when their yield and potential for capital appreciation are considered sufficiently attractive and also may invest in these securities for defensive purposes and to maintain liquidity. Fixed-income securities include bonds, notes and debentures issued by corporations; U.S. Government Securities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to the risk of price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness or financial condition of the issuer and general market liquidity (i.e., market risk). Certain portfolio securities, such as those with interest rates that fluctuate directly or indirectly based on multiples of a stated index, are designed to be highly sensitive to changes in interest rates and can subject the holders thereof to extreme reductions of yield and possibly loss of principal.

The funds may invest in both investment grade and non-investment grade debt securities. Investment grade debt securities are securities that have received a rating from at least one nationally recognized statistical rating organization (an "NRSRO") in one of the four highest rating categories or, if not rated by any NRSRO, have been determined by the Adviser to be of comparable quality.

High-Yield, Lower-Rated Securities

The funds investments in non-investment grade debt securities, including convertible debt securities, are considered by the NRSRO to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Non-investment grade debt securities in the lowest rating categories may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than is the case for higher grade debt securities. In addition, the market for lower grade debt securities may be thinner and less liquid than for higher grade debt securities.

Foreign Securities

The funds may invest in equity and fixed-income securities of foreign issuers and, to a lesser extent, in depositary receipts, such as American Depositary Receipts ("ADRs"), that represent indirect interests in securities of foreign issuers. Foreign securities in which the funds may invest may be listed on foreign securities exchanges or traded in foreign over-the-counter markets. Investments in foreign securities are affected by risk factors generally not thought to be present in the U.S. These factors include: varying custody, brokerage and settlement

practices; difficulty in pricing; less public information about issuers of foreign securities; less governmental regulation and supervision over the issuance and trading of securities than in the U.S.; the unavailability of financial information regarding the foreign issuer or the difficulty of interpreting financial information prepared under foreign accounting standards; less liquidity and more volatility in foreign securities markets; the possibility of expropriation or nationalization; the imposition of withholding and other taxes; adverse political, social or diplomatic developments; limitations on the movement of funds or other assets of the funds between different countries; difficulties in invoking legal process abroad and enforcing contractual obligations; and the difficulty of assessing economic trends in foreign countries. Moreover, governmental issuers of foreign securities may be unwilling to repay principal and interest due, and may require that the conditions for payment be renegotiated. Investment in foreign countries also involves higher brokerage and custodian expenses than does investment in domestic securities.

Other risks of investing in foreign securities include changes in currency exchange rates (in the case of securities that are not denominated in U.S. dollars) and currency exchange control regulations or other foreign or U.S. laws or restrictions, or devaluations of foreign currencies. A decline in the exchange rate would reduce the value of certain of the Fund's foreign currency denominated portfolio securities irrespective of the performance of the underlying investment. In addition, the Fund may incur costs in connection with conversion between various currencies. The foregoing risks may be greater in emerging industrialized and less developed countries.

Developing countries have economic structures that are generally less diverse and mature, and political systems that are less stable, than those of developed countries. The markets of developing countries may be more volatile than the markets of more mature economies; however, such markets may provide higher rates of return to investors. Many developing countries providing investment opportunities for the Fund have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have adverse effects on the economies and securities markets of certain of these countries.

As a general matter, the funds will not hedge against foreign currency risks, including the risk of changing currency exchange rates, which could reduce the value of certain of the funds foreign currency denominated portfolio securities irrespective of the underlying investment. However, from time to time, the funds may enter into forward currency exchange contracts ("forward contracts") for hedging purposes and non-hedging purposes to pursue its investment objective. Forward contracts are transactions involving the funds obligation to purchase or sell a specific currency at a future date at a specified price. Forward contracts may be used by the funds for hedging purposes to protect against uncertainty in the level of future foreign currency exchange rates, such as when the funds anticipates purchasing or selling a foreign security. This technique would allow the funds to "lock in" the U.S. dollar price of the security. Forward contracts also may be used to attempt to protect the value of the funds existing holdings of foreign securities. There may be, however, imperfect correlation between the funds foreign securities holdings and the forward contracts entered into with respect to such holdings. Forward contracts also may be used for non-hedging purposes to pursue the funds investment objective, such as when the Adviser anticipates that particular foreign currencies will appreciate or depreciate in value, even though securities denominated in such currencies are not then held in the funds investment portfolio.

Money Market Instruments

The fund may invest, for defensive purposes or otherwise, some or all of its assets in high quality fixed-income securities, money market instruments, and money market mutual funds, or hold cash or cash equivalents in such amounts as the Adviser deems appropriate under the circumstances. The funds also may invest in these instruments pending allocation of the offering proceeds. Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. Government Securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of United States banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements.

Leverage

The funds may borrow money from brokers and banks for investment purposes. Borrowing for investment purposes, which is known as "leverage," is a speculative investment technique and involves certain risks.

Although leverage will increase investment return if the funds earns a greater return on the investments purchased with borrowed funds than it pays for the use of such funds, using leverage will decrease investment return if the funds fail to earn as much on such investments as it pays for the use of such funds. Using leverage, therefore, will magnify the volatility of the value of the funds investment portfolio. If the funds equity or debt instruments decline in value, the funds could be required to deposit additional collateral with the lender or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of the funds assets, whether resulting from changes in market value or from redemptions, the funds might not be able to liquidate assets quickly enough to pay off its borrowing. Money borrowed for leveraging will be subject to interest costs that may or may not be recovered by return on the securities purchased. The funds also may be required to maintain minimum average balances in connection with its borrowings or to pay a commitment or other fee to maintain a line of credit; either of these requirements would increase the cost of borrowing over the stated interest rate.

To obtain "leveraged" market exposure in certain investments and to increase the overall return to the funds of various investments, the funds may purchase options and other instruments that do not constitute "indebtedness". These instruments may involve significant economic leverage and therefore, in some cases, may involve significant risks of loss.

Short Sales

The funds may engage in short sales. To effect a short sale, the funds will borrow a security from a brokerage firm, or other permissible financial intermediary, to make delivery to the buyer. The funds then is obligated to replace the borrowed security by purchasing it at the market price at the time of replacement. The price at such time may be more or less than the price at which the security was sold by the funds, which would result in a loss or gain, respectively. The funds may not always be able to borrow a security it wants to sell short and thus will lose the opportunity to benefit from its strategy. The funds also may be unable to close out a short position at any particular time or at an acceptable price. If the funds are required to replace the borrowed security at a time when other short sellers of the same security also are required to replace it, a "short squeeze" can occur, wherein the funds might be compelled, at a disadvantageous time, to replace the borrowed security, possibly at prices significantly in excess of the proceeds received from the short sale. Although the funds gain

on a short sale is limited to the amount at which it sold the security short, its potential loss can increase rapidly and is limited only by the maximum attainable price of the security less the price at which the security was sold. Short selling is a speculative investment technique and, in certain circumstances, can substantially increase the impact of adverse price movements on the funds portfolio.

Reverse Repurchase Agreements

Reverse repurchase agreements involve a sale of a security to a bank or securities dealer and the simultaneous agreement to repurchase the security for a fixed price, reflecting a market rate of interest, on a specific date. These transactions involve a risk that the other party to a reverse repurchase agreement will be unable or unwilling to complete the transaction as scheduled, which may result in losses to the funds. Reverse repurchase agreements are a form of leverage which also may increase the volatility of the funds investment portfolio.

Special Investment Techniques

The funds may use a variety of special investment techniques to attempt to hedge a portion of its investment portfolio against various risks or other factors that generally affect the values of securities and for non-hedging purposes to pursue the funds objective. These techniques may involve the use of derivative transactions. The techniques the funds may employ may change over time as new instruments and techniques are introduced or as a result of regulatory developments. Certain of the special investment techniques that the funds may use are speculative and involve a high degree of risk, particularly when used for non-hedging purposes. It is possible that any hedging transaction may not perform as anticipated and that the funds may suffer losses as a result of its hedging activities.

Derivatives. The funds may purchase derivatives or enter into derivative transactions ("Derivatives"). These are financial instruments which derive their performance, at least in part, from the performance of an underlying asset, index or interest rate. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the particular Derivative and the portfolio as a whole. Derivatives permit the funds to increase or decrease the level of risk, or change the character of the risk, to which its portfolio is exposed in much the same way as the funds can increase or decrease the level of risk, or change the character of the risk, of its portfolio by making investments in specific securities.

Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in Derivatives could have a large potential impact on the funds performance.

If the funds invests in Derivatives at inopportune times or judges market conditions incorrectly, such investments may lower the funds return or result in a loss. The funds also could experience losses if its Derivatives were poorly correlated with its other investments, or if the funds were unable to liquidate its position because of an illiquid secondary market. The market for many Derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for Derivatives.

Options. The funds may engage in options transactions. The funds also may invest in so-called "synthetic" options (which generally are privately negotiated options that are exclusively cash-settled) or other derivative instruments written by broker-dealers or other permissible

financial intermediaries. Options transactions may be effected on securities exchanges or in the over-the-counter market. Since participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets, the funds bear the risk that the counterparty that wrote the option will be unable or unwilling to perform its obligations under the option contract. These options also may be illiquid and, in such cases, the funds may have difficulty closing out its position. Over-the-counter options purchased and sold by the funds also may include options on baskets of specific securities.

The Fund may purchase and sell call and put options in respect of specific securities, and may write and sell covered or uncovered call and put options. A covered call option, which is a call option with respect to which the funds own the underlying security, that is sold by the funds exposes the funds during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or to possible continued holding of a security that might otherwise have been sold to protect against depreciation in the market price of the security. A covered put option, which is a put option with respect to which the funds has segregated cash or liquid securities to fulfill the obligation undertaken, that is sold by the funds exposes the funds during the term of the option to a decline in price of the underlying security while depriving the funds of the opportunity to invest the segregated assets.

The funds may close out a position when writing options by purchasing an option on the same security with the same exercise price and expiration date as the option that it has previously written on such security. The funds will realize a profit or loss if the amount paid to purchase an option is less or more, as the case may be, than the amount received from the sale thereof. To close out a position as a purchaser of an option, the funds would ordinarily make a similar "closing sale transaction," which involves liquidating the funds position by selling the option previously purchased, although the funds would be entitled to exercise the option should it deem it advantageous to do so.

Warrants. Warrants are derivative instruments that permit, but do not obligate, the holder to subscribe for other securities. Warrants do not carry with them the right to dividends or voting rights with respect to the securities that they entitle the holder to purchase, and they do not represent any rights in the assets of the issuer. As a result, warrants may be considered more speculative than certain other types of investments. In addition, the value of a warrant does not necessarily change with the value of the underlying securities or commodities, and a warrant ceases to have value if it is not exercised prior to its expiration date.

Currency Swaps. The funds may enter into currency swaps for both hedging and non-hedging purposes. Currency swaps involve the exchange of rights to make or receive payments in specified currencies. Since currency swaps are individually negotiated, the funds expect to achieve an acceptable degree of correlation between its portfolio investments and its currency swap positions. Currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for another designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations. The use of currency swaps is a highly specialized activity which involves special investment techniques and risks. If the Adviser is incorrect in its forecasts of market values and currency exchange rates, the funds performance will be adversely affected. The funds will not enter into any currency swap unless the credit quality of the unsecured senior debt or the claims-paying ability of the other

party thereto is considered to be investment grade by the Adviser. If there is a default by the other party to such a transaction, the Fund will have contractual remedies pursuant to the agreements related to the transaction. "

Call And Put Options On Securities Indexes. The funds may purchase and sell call and put options on stock indexes, such as the Standard & Poor's 500 Composite Stock Price Index (the "S&P 500") or the Standard & Poor's 100 Index, listed on national securities exchanges or traded in the over-the-counter market for hedging purposes and to pursue its investment objective. A stock index fluctuates with changes in the market values of the stocks that comprise the index. Accordingly, successful use by the funds of options on stock indexes will be subject to the Adviser's ability to predict correctly movements in the direction of the stock market generally or segments thereof. This requires different skills and techniques than forecasting changes in the price of individual stocks.

Lending Portfolio Securities

The funds may lend securities from its portfolio to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. The funds continues to be entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned securities which afford the funds an opportunity to earn interest on the amount of the loan and on the loaned securities' collateral. The funds might experience risk of loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement with the Fund.

When-Issued, Delayed Delivery and Forward Commitment Securities

To reduce the risk of changes in securities prices and interest rates, the funds may purchase securities on a forward commitment, when-issued or delayed delivery basis, which means delivery and payment take place a number of days after the date of the commitment to purchase. The payment obligation and the interest rate receivable with respect to such purchases are fixed when the funds enter into the commitment, but the funds do not make payment until it receives delivery from the counterparty. The funds will commit to purchase such securities only with the intention of actually acquiring the securities, but the funds may sell these securities before the settlement date if it is deemed advisable.

Securities purchased on a forward commitment or when-issued or delayed delivery basis are subject to changes in value, generally changing in the same way, i.e., appreciating when interest rates decline and depreciating when interest rates rise, based upon the public's perception of the creditworthiness of the issuer and changes, real or anticipated, in the level of interest rates. Securities so purchased may expose the funds to risks because they may experience such fluctuations prior to their actual delivery. Purchasing securities on a when-issued or delayed delivery basis can involve the additional risk that the yield available in the market when the delivery takes place actually may be higher than that obtained in the transaction itself. Purchasing securities on a forward commitment, when-issued or delayed delivery basis when the funds are fully or almost fully invested may result in greater potential fluctuation in the value of the funds net assets. In addition, there is a risk that securities purchased on a when-issued or delayed delivery basis may not be delivered and that the purchaser of securities sold by the funds on a forward basis will not honor its purchase obligation. In such cases, the funds may incur a loss.

Restricted and Illiquid Investments

Although the funds will invest primarily in publicly traded securities, it may invest in restricted securities and other investments which are illiquid, which may include so-called P.I.P.E.s (private investments in public securities). Restricted securities are securities that may not be sold to the public without an effective registration statement under the 1933 Act or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration under the 1933 Act.

Where registration is required to sell a security, the funds may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the funds may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, the funds might obtain a less favorable price than the prevailing price when it decided to sell. Restricted securities for which no market exists and other illiquid investments are valued at fair value.

The Fund may be unable to sell restricted and other illiquid securities at the most opportune times or at prices approximating the value at which the funds purchased such securities.

ADDITIONAL RISK FACTORS

Incentive Allocation

The Incentive Allocation of 20% of net profits to the capital account of the Adviser may create an incentive for the Adviser to make investments that are riskier or more speculative than those that might have been made in the absence of the Incentive Allocation. In addition, because the allocation is calculated on a basis that includes unrealized appreciation of the Fund's assets, the Incentive Allocation may be greater than if it were based solely on realized gains. "

Liquidity Risks

Interests in the funds will not be traded on any securities exchange or other market and are subject to substantial restrictions on transfer. Although the funds may offer to repurchase Investor interests from time to time, an Investor may not be able to liquidate its interest. "

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 have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

.As mentioned in Item 4 , UBS Eucalyptus Management, LLC is a joint venture between UBS Alternative and Quantitative Investments LLC (a.k.a. Alternative Investment Solutions or "AIS") and OrbiMed Advisors Inc.. OrbiMed serves as the portfolio manager of the funds. Below are the activities and affiliations of UBS. Please refer to OrbiMed Advisors ADV Part 2 for full information as it pertains to them.

UBS is a global financial institution which provides financial services directly and through its divisions and subsidiaries. Its divisions include Investment Bank (equity, derivative, fixed income sales and prime brokerage services), Global Asset Management (investment advisory and administration services) and Wealth Management and Swiss Banking (customized investment advisory services for high net worth clients). AIS is a wholly-owned subsidiary of UBSAG and a member of Global Asset Management's Alternative and Quantitative Investments group ("A&Q"). The members of A&Q provide investment management services for alternative and quantitative products, including hedge funds and funds of hedge funds. Our funds will utilize, and in many cases will direct our funds to utilize, the services of our. Such services may include, without limitation, purchasing/selling financial instruments, derivatives intermediation, prime brokerage services, credit facilities and financing, administrative services and placement agent relationships with our. AIS may also recommend these same services to our non discretionary advisory clients. A number of conflicts of interests will exist as a result of these relationships.

OrbiMed and Samuel D. Isaly

Mr. Isaly provides investment advisory and other services, directly and through affiliated investment advisers that he controls, to accounts managed with an investment program that is similar to the funds investment program. AIS and OrbiMed have entered into a joint venture similar to the Adviser to advise another registered investment company with an investment program similar to the funds investment program. These accounts and entities are referred to as the "OrbiMed Accounts." OrbiMed, of which Mr. Isaly is managing member, or its affiliates, provides investment advisory and other services to various entities. OrbiMed and certain of the investment professionals who are principals of or employed by OrbiMed or its affiliates (collectively with OrbiMed, the "OrbiMed Managers") also carry on substantial investment activities for their own accounts, for the accounts of family members and for other OrbiMed Accounts. The funds have no interest in these activities. As a result of the foregoing, OrbiMed and the investment professionals who, on behalf of the Adviser, will manage the funds investment portfolio will be engaged in substantial activities other than on behalf of the Adviser and may have conflicts of interest in allocating their time and activity between the Fund and the OrbiMed Accounts. Such persons will devote only so much time to the affairs of the Adviser as in their judgment is necessary and appropriate.

OrbiMed and its affiliates may engage in certain research activities through which the Adviser may acquire confidential or material non-public information with respect to certain companies. As a result, the Adviser may be restricted from engaging in transactions involving those company's securities on behalf of the funds.

OrbiMed Managers may receive research products and services in connection with the brokerage services that AIS and its affiliates may provide from time to time to one or more OrbiMed Accounts or to the funds.

The Adviser expects to employ an investment program for the funds that is generally similar to the investment program employed by the OrbiMed Managers for other OrbiMed clients. Accordingly, as a general matter, the Adviser will consider participation by the funds in all appropriate investment opportunities that are under consideration for investment by the OrbiMed Managers for the OrbiMed Accounts. There may be, however, circumstances under which the OrbiMed Managers will cause one or more OrbiMed Accounts to commit a larger percentage of their respective assets to an investment opportunity than to which the Adviser

will commit the funds assets. There also may be circumstances under which the OrbiMed Managers will consider participation by the OrbiMed Accounts in investment opportunities in which the Adviser does not intend to invest on behalf of the funds, or vice versa.

The Adviser will evaluate for the funds, and it is anticipated that the OrbiMed Managers will evaluate for each OrbiMed Account, a variety of factors that may be relevant in determining whether a particular investment opportunity or strategy is appropriate and feasible for the funds or an OrbiMed Account at a particular time, including, but not limited to, the following: (1) the nature of the investment opportunity taken in the context of the other investments at the time; (2) the liquidity of the investment relative to the needs of the particular entity or account; (3) the availability of the opportunity (i.e., size of obtainable position); (4) the transaction costs involved; (5) the investment strategy of the particular entity or account; and (6) the investment or regulatory limitations applicable to the particular entity or account. Because these considerations may differ for the funds and the OrbiMed Accounts in the context of any particular investment opportunity, the investment activities of the funds and the OrbiMed Accounts may differ considerably from time to time. In addition, the fees and expenses of the funds will differ from those of the OrbiMed Accounts. Accordingly, prospective Investors should note that the future performance of the funds and the OrbiMed Accounts will vary.

When the Adviser and the OrbiMed Managers determine that it would be appropriate for the funds and one or more OrbiMed Accounts to participate in an investment opportunity at the same time, they will attempt to aggregate, place and allocate orders on a basis that the Adviser believes to be fair and equitable, consistent with its responsibilities under applicable law. Decisions in this regard are necessarily subjective and there is no requirement that the funds participate, or participate to the same extent as the OrbiMed Accounts, in all trades. However, no participating entity or account will receive preferential treatment over any other and the OrbiMed Managers will take steps to ensure that no participating entity or account will be systematically disadvantaged by the aggregation, placement and allocation of orders.

Situations may occur, however, where the funds could be disadvantaged because of the investment activities conducted by the OrbiMed Managers for the OrbiMed Accounts. Such situations may be based on, among other things, the following: (1) legal restrictions on the combined size of positions that may be taken for the funds and the OrbiMed Accounts, thereby limiting the size of the funds position; (2) the difficulty of liquidating an investment for the funds and the OrbiMed Accounts where the market cannot absorb the sale of the combined positions; and (3) the determination that a particular investment is warranted only if hedged with an option or other instrument and there is a limited availability of such options or other instruments. In particular, the funds may be legally restricted from entering into a "joint transaction" (as defined in the 1940 Act) with the OrbiMed Accounts with respect to the securities of an issuer without first obtaining exemptive relief from the Securities and Exchange Commission ("SEC").

The members of the Adviser, and their members, directors, officers, employees and affiliates, may buy and sell securities or other investments for their own accounts and may have actual or potential conflicts of interest with respect to investments made on behalf of the Fund. As a result of differing trading and investment strategies or constraints, positions may be taken by members, directors, officers, employees and affiliates of AIS or OrbiMed, or by the OrbiMed

Managers for the OrbiMed Accounts, that are the same, different or made at a different time than positions taken for the funds.

Gifts and Entertainment

AIS employees may receive gifts and forms of entertainment from service providers doing business with us. Including sub-managers, executing brokers, administrators, prime brokers, auditors and others. AIS maintains policies and procedures in accordance with acceptable industry standards to limit the dollar value of gifts an employee may receive annually from such service providers (although there is no dollar value cap on entertainment value received annually, such as dinner and tickets to sporting events). To the extent that AIS employees may receive a material dollar value of entertainment per annum, there may be an incentive for such employees to sustain or expand the relationship with the service provider providing the gifts and entertainment. AIS, its affiliates and its employees may also provide gifts and entertainment to people associated with investors, such as pension consultants, trustees or fiduciaries. Additionally, AIS, its affiliates and its employees may make permitted political contributions to public officials or candidates who support policies, legislation, regulations or other matters that are favorable to or supported by AIS, including matters that may not necessarily be favorable to or supported by the funds or investors. To the extent AIS provides any gifts/entertainment or makes political contributions it will need to make sure such items are not prohibited by applicable laws or regulations. AIS monitors the level of such gifts/entertainment and political contributions and compiles periodic reports for supervisory persons of AIS to review.

OrbiMed Advisors LLC has also adopted a Gifts and Entertainment Policy and you should refer to OrbiMed Advisors LLC ADV part 2 for additional information regarding their activities.

A list of UBS' affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. Part 1 of AIS' Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

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

Both AIS and OrbiMed Advisors LLC have 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.

Alternative Investment Solutions 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.

Our Code of Ethics includes policies and procedures for the review of initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of certain acquisitions and sales of securities. Our code also provides for oversight, enforcement and recordkeeping provisions.

Alternative Investment Solutions' Code of Ethics further includes the firm's policy prohibiting the use of material 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 frank.pluchino@ubs.com, or by calling Frank Pluchino at 212-821-6053.

Alternative Investment Solutions or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to advisory clients.

Please refer to OrbiMed Advisors LLC ADV Part 2 for further information regarding their Code of Ethics.

Item 12 Brokerage Practices

The Adviser is responsible for the execution of the funds portfolio transactions and the allocation of brokerage. Transactions on U.S. stock exchanges and on some foreign stock exchanges involve the payment of negotiated brokerage commissions. On the great majority of foreign stock exchanges, commissions are fixed. No stated commission is generally applicable to securities traded in over-the-counter markets, but the prices of those securities include undisclosed commissions or mark-ups.

In executing transactions on behalf of the funds, the Adviser seeks to obtain the best execution for the funds, taking into account factors such as price, size of order, difficulty of execution and operational facilities of a brokerage firm, and in the case of transactions effected by the funds with unaffiliated brokers, the firm's risk in positioning a block of securities. Although the Adviser generally will seek reasonably competitive commission rates, the funds will not necessarily pay the lowest commission available on each transaction. The funds will have no obligation to deal with any broker or group or brokers in executing transactions in portfolio securities. The funds may execute portfolio brokerage transactions through UBS Financial Services or its affiliates.

Following the principle of seeking best execution, the Adviser may place brokerage business on behalf of the funds with brokers that provide the Adviser and its affiliates, including the OrbiMed Managers, with supplemental research, market and statistical information, including advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, and furnishing analyses and reports concerning issuers, industries, securities, economic factors

and trends, portfolio strategy and the performance of accounts. Therefore the Advisor does execute transaction with soft dollar brokers and thru commission sharing arrangements. As a consequence of the fund use of client brokerage commissions to obtain research or other products and services the Advisor receives a benefit because we do not have to produce or pay for the research, product or services. Therefore we have an incentive to select or recommend a broker-dealer based upon our interest to obtain the research or other products and services, rather than on the funds interest in receiving most favorable execution on a cost basis. However, the Advisor has adopted procedures to stay within the safe harbor under Section 28(e) of the Securities Act of 1934.

The expenses of the Adviser are not necessarily reduced as a result of the receipt of this supplemental information, which may be useful to the Adviser and its affiliates in providing services to clients other than the Fund. In addition, not all of the supplemental information is used by the Adviser in connection with the funds. Conversely, the information provided to the Adviser by brokers and dealers through which other clients of the Adviser and its affiliates effect securities transactions may be useful to the Adviser in providing services to the funds.

Item 13 Review of Accounts

The funds are continuously reviewed by the portfolio manager. The funds issue an annual audited financial statement. Monthly fund NAV's are calculated and provided to the distributor of the funds in order to show the value on client statements.

Additionally the Advisor provides investor with a report at least quarterly which provided performance information as well as market and fund commentary.

Item 14 Client Referrals and Other Compensation

The funds are distributed through an affiliate, UBS Financial Services Inc.("UBSFS") a SEC registered broker dealer. Financial Advisors for UBSFS are paid a portion of the management fee paid to the Adviser.

Item 15 Custody

The funds are custodied at a qualified custodian not affiliated with UBS or the Advisor or OrbiMed Advisor LLC.

Item 16 Investment Discretion

The funds have delegated to the Adviser discretion to make investment decisions, AIS has delegated investment decision authority to OrbiMed Advisors LLC. They manage the account in accordance the requirements set forth in each fund's offering memorandum

Item 17 Voting Client Securities

The Fund's investment recommendations and decisions are made by officers, members or employees of OrbiMed Advisors, L.L.C. ("OrbiMed"), a member of the Adviser. The officers, members or employees of OrbiMed are not associated with AIS., the managing member of the Adviser. As part of its fiduciary duty to vote proxies on behalf of the Fund, OrbiMed has adopted its own Proxy Voting Policies and Procedures (the "Policies") that govern its proxy voting activities. OrbiMed will be responsible for voting the funds proxies in accordance with the Policies

Please refer to OrbiMed Advisors LLC ADV part 2 for information regarding their proxy voting disclosures.

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 we are required to disclose that neither AIS or OrbiMed Advisors LLC has no financial condition that is reasonable likely to impair our ability to meet our contractual obligations. UBS Eucalyptus Management LLC nor the members of the joint venture Advisory firms have not been the subject of a bankruptcy petition at any time during the past ten years.