



Form ADV Part 2A

Firm Brochure

Item 1 – Cover Page

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This "Firm Brochure" provides information about the qualifications and business practices of UBS Hedge Fund Solutions LLC. If you have any questions about the contents of this Firm Brochure, please contact Frank Pluchino at 203-719-7681 or frank.pluchino@ubs.com. The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about UBS Hedge Fund Solutions LLC is also 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 131034.

UBS Hedge Fund Solutions LLC is registered as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Since its most recent update on March 31, 2021, UBS Hedge Fund Solutions LLC has made only immaterial updates to its Firm Brochure.

Clients and prospective clients should review this entire Firm Brochure carefully.

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Item 4 Advisory Business

Overview

This section of the Firm Brochure contains a general description of UBS Hedge Fund Solutions LLC (also referred to as "we," "our," the "Firm," or "HFS"), as well as information regarding our ownership structure, the types of advisory services we provide and the investment instruments we use, how we tailor advisory services to client needs, and our participation in managed account programs (wrap fee programs).

General description and ownership

HFS, a Delaware limited liability corporation, is a wholly owned subsidiary of UBS Asset Management (Americas) Inc. ("UBS AM"), which itself is a wholly owned subsidiary of UBS Americas Inc., a wholly owned subsidiary of UBS Americas Holding LLC, which in turn is owned by UBS AG and ultimately by UBS Group AG, a publicly traded Swiss corporation (SIX and NYSE: UBS) ("UBS").

HFS was originally part of another UBS AG subsidiary; however, it was organized as a separate investment management entity and registered with the SEC as an investment advisor in March 2004. Our principal place of business is in Stamford, Connecticut with additional United States offices in New York, NY and Westport, CT. HFS has and will continue to avail itself of investment capabilities through various UBS Asset Management affiliates globally.

The operational structure of UBS is comprised of the Corporate Center and four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank. The UBS Asset Management business division was formed through the merger of Union Bank of Switzerland and Swiss Bank Corporation in 1998. HFS is part of the UBS Asset Management business division of UBS, and offers investment advisory services regarding investments in pooled investment vehicles and to institutional and ultra-high net worth investors, which are described more fully herein.

The UBS Asset Management business division is itself divided into multiple separate businesses that provide asset management services globally.

1. UBS AM offers discretionary and non-discretionary investment advisory, investment management and sub-advisory services to various clients through their equities, fixed income, and investment solutions platforms and wrap fee programs.
2. UBS O'Connor LLC ("O'Connor"), another wholly owned subsidiary of UBS AM, provides discretionary and non-discretionary investment advisory services to various types of pooled investment vehicles and institutional separately managed accounts.
3. UBS Real Estate & Private Markets ("REPM") includes: UBS Realty Investors LLC ("RE"), which offers real estate investments through commingled real estate funds and individually managed discretionary and non-discretionary real estate accounts; UBS Farmland Investors LLC ("Farmland"), which offers advice to clients in connection with the acquisition or sale and management of agricultural real estate; and direct real estate through infrastructure direct investment and multi-managers. The IDI and MM businesses primarily construct bespoke portfolios and funds.
4. UBS Asset Management Trust Company (the "Trust Company") acts as trustee and investment manager to certain collective investment trusts.
5. UBS Fund Management Services ("FMS") provides administrative services primarily to traditional investment funds domiciled outside of the United States.

The UBS AM, O'Connor, REPM, Trust Company and FMS businesses are not covered by this Firm Brochure.

Types of advisory services

HFS primarily offers investment advisory services regarding investment in privately placed pooled investment vehicles ("Private Funds"). We provide investment management services to a variety of investment vehicles, some of which are registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") ("RICs"). (For purposes of this Brochure, such RICs and Private Funds are collectively referred to as the "Funds.")

Additionally, HFS provides investment advisory services to affiliated entities, institutional entities, intermediary firms, family offices, and ultra-high net worth investors.

Our investment advisory services include discretionary investment management services (clients who have authorized our firm to execute transactions for their accounts without prior approval) and non-discretionary investment advisory services (clients who either employ our services to merely provide investment advice or who require that transactions be either traded by or authorized by them in advance) to our clients in accordance with investment guidelines set forth in each client's respective investment advisory or investment management agreements.

Additionally, HFS may seek the advice and assistance of its non-U.S. affiliates within UBS Asset Management in providing investment supervisory services to its U.S. clients (in such capacity, "Participating Affiliates"). Please see *Item 10 Other Financial Industry Activities and Affiliates* for further information.

Types of instruments

Although HFS provides investment advice regarding investments in Private Funds, investment advice is not limited to any specific product or security type and may include, but is not limited to, advice regarding the following securities: all types of fixed income, equity security, currency, loan, contract or derivatives thereof, including, without limitation, notes, bonds, bank obligations, trade claims, swaps, including credit default swaps, and other notional principal contracts, common or preferred stock, equity indices, money market funds, exchange-traded funds and other investment funds, interests in partnerships, investments in real estate, oil and gas interests, contracts based on indices, and contracts that transfer risk, such as total return swaps, futures, options and forward contracts, which may be held for investment or hedging purposes.

Tailoring advisory services to client needs

HFS manages investment vehicles according to the applicable organizational documents, offering memorandum, and negotiated investment management agreements. Additionally, HFS provides advisory services to affiliated entities, institutional entities, intermediary firms, family offices and ultra-high net worth investors pursuant to negotiated investment advisory agreements. These investment advisory agreements are based upon the respective advisory clients' objectives determined following discussions with each advisory client or their representatives. These discussions ordinarily include, among other things, topics such as investment strategies, investment program, time horizon, risk tolerance and liquidity needs. Using this information, HFS seeks to develop an investment profile and provide advice that it reasonably believes will achieve such investment objectives. Advisory clients may impose reasonable and agreed upon restrictions on certain investments.

Restrictions regarding certain types of services and investments

HFS is a part of a global financial services firm and may be precluded from acquiring or selling certain securities or investments on behalf of itself and clients as a result of inside information, conflicts of interests or other applicable laws or regulations. Ultimate ownership by a foreign bank (UBS) subjects HFS to certain provisions of the Bank Holding Company Act ("BHCA").

HFS and UBS adhere to global policies that require compliance with relevant regulatory and legal requirements. An example of such a requirement would be sanctions, which are any measure or restriction (including those often referred to as embargoes), taken by one or more countries, their respective government agencies or by an international organization, which is aimed at restricting dealings of any kind with or involving another country, specific persons, legal entities, organizations or goods. HFS and UBS may also deem certain additional countries or industries to be high risk and may restrict business activities with certain countries, governments, government-controlled entities, territories or persons. In some cases, business activities are expressly prohibited, where other cases may require pre-approval from regional compliance personnel before any business activity can be considered.

In addition, HFS and UBS have policies in place that prohibit securities of certain companies to be included in actively managed retail or institutional funds and in discretionary mandates. Such prohibitions include, but are not limited to, a ban on companies involved in the development, production or purchase of cluster munitions and anti-personnel mines, pursuant to a Swiss Federal Act on War Materials (as defined by the Swiss Federal Act).

Assets under management

Client regulatory assets under management for HFS as of November 1, 2021 are as follows:

	US Dollar Amount
Discretionary:	\$26,492,080,000
Non-Discretionary	\$17,296,240,000
Total:	\$43,788,320,000

Item 5 Fees and Compensation

Overview

This section of the Firm Brochure contains information regarding how we are compensated for our advisory services. We manage assets for clients in pooled investment vehicles or separately managed accounts.

Management fees

HFS does not have a standard fee schedule. As compensation for its advisory services, HFS generally receives management fees equal to a percentage of net assets under management. In some cases, HFS receives a fixed fee for advisory services.

Additionally, HFS may receive a performance-based fee, as further described in *Item 6* below. Management fees and performance-based fees payable to HFS are separate, distinct, and in addition to other expenses that may be charged to clients and disclosed in their applicable advisory agreements.

Other fees

In addition to management and performance-based fees or allocations, HFS clients will also bear, directly or indirectly: (i) investment-related expenses (e.g., placement fees, interest on indebtedness, custodial fees, bank service fees, bank charges, other expenses related to the purchase, sale or transmittal of fund investments, fees for market data services, software fees, professional fees, including, without limitation, expenses of consultants and experts who may be used to conduct due diligence, analyze or negotiate existing or potential investments in or redemptions from hedge funds); (ii) the due diligence, analysis, research and monitoring of hedge fund managers and hedge funds in which a fund may invest or consider for investment, including the reasonable cost of due diligence-related travel (subject to internal travel policies which permit, under certain circumstances, business class); (iii) the costs of background checks on hedge fund managers; (iv) the cost of any operational due diligence conducted on hedge fund managers; (v) the cost of third parties that provide (a) investment analysis on hedge funds and hedge fund managers, (b) risk and performance related analytics utilized by HFS to assess hedge funds and hedge fund managers, (c) market data (e.g., Bloomberg terminals); (vi) organizational expenses, legal, accounting, audit and tax preparation expenses, corporate licensing fees, and regulatory reporting expenses (including, but not limited to, expenses incurred in connection with complying with SEC, Commodity Futures Trading Commission, BHCA and European Union reporting obligations, as well as out-of-pocket costs of preparing regulatory filings related to the hedge funds or the hedge fund managers) with respect to the underlying hedge funds; (vii) the management fees and the performance fees or allocations charged by underlying hedge funds; (viii) liability insurance premiums of the board of directors of the underlying hedge funds; (ix) fees and expenses, including travel, of the board of directors of the underlying hedge funds; (x) entity-level taxes; and (xi) expenses incurred in connection with the offer and sale of shares of the underlying hedge funds. The foregoing is not an exhaustive list of the expenses that client may incur. Further information with respect to expenses can be found in the applicable offering memorandum of the relevant hedge fund or negotiated advisory agreement.

Fee negotiation

Fees are negotiated on a client by client basis and are based, in part, on the size and scope of the advisory relationship. Management fees, fixed fees, performance-based fees or allocations may be reduced, waived or calculated differently with respect to certain clients and investors in the underlying hedge funds on a case by case basis as agreed between the respective parties.

Most Favored Nations clauses

HFS may enter into “most favored nations” clauses wherein we agree that the fees charged to a client shall not be more than the most favorable rates we offer to any other comparable client for similar services (i.e., a client for whom HFS manages a portfolio of similar size and type, under similar terms and conditions, and with similar commercial expectations). Such clauses may also be entered into with investors within a particular client.

Payment of fees

Generally, fees are determined monthly and are paid monthly or quarterly in arrears. Typically, fees payable to HFS will be deducted directly at a frequency disclosed in the applicable offering memorandum or negotiated advisory contract; however, there are cases where HFS invoices a client separately. We typically do not charge fees in advance.

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

Overview

This section of the Firm Brochure contains information regarding performance-based fees and describes how we manage potential conflicts of interest that may arise when managing client accounts.

As stated above, HFS may receive a performance-based fee based on a percentage of profits earned within the applicable determination period (typically over a month, quarter or year). Any performance-based fees are structured in compliance with the Advisers Act. These performance-based fees can be negotiated on a client by client basis.

Clients should be aware that conflicts of interest may arise when managing funds and client accounts that pay different types and levels of fees. Performance-based fee arrangements may create an incentive for HFS to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In addition, since the performance compensation will be calculated on a basis that includes unrealized appreciation of a hedge fund's net asset value, such compensation may be greater than if it were based solely on realized gains.

Additionally, as disclosed in *Item 5* above, some client accounts of HFS are not charged performance-based fees. Accordingly, there may be an incentive for HFS to favor funds and client accounts that pay performance-based fees over those that do not because HFS may receive higher fees from funds and clients that pay performance-based fees.

HFS seeks to resolve these potential conflicts of interest by implementing appropriate conflict mitigation processes. HFS has a trade allocation policy, monitored by its compliance department, which seeks to allocate, to the extent possible, investment opportunities over a period of time on a fair and equitable basis to all funds and client accounts advised by HFS.

Any performance-based fees may be reduced, waived or modified for different clients of HFS, at the Firm's sole discretion.

Item 7 Types of Clients

Overview

In this section of the Firm Brochure, we provide information about the types of clients to whom we provide investment advice. We also discuss the conditions we may impose on the management of client accounts.

Client types

HFS provides investment advisory services to various types of clients which may include, but is not limited to:

- Pension and profit-sharing plans (other than plan participants);
- State or municipal government entities;
- Banking or thrift institutions;
- Investment companies;
- Other pooled investment vehicles (e.g., fund-of-funds);
- Corporations or other businesses;
- High net worth individuals;
- Other investment advisers;
- Insurance companies; and
- Sovereign wealth funds.

ERISA Clients

HFS provides investment management services to plan clients subject to the Employee Retirement and Income Security Act ("ERISA") and may rely on the Prohibited Transaction Exemption 84-14 (the "QPAM exemption"). To the extent HFS relies on the QPAM exemption, it must also comply with the individual Prohibited Transaction Exemption (PTE 2020-01) issued by the Department of Labor, requiring HFS to maintain, implement and follow written policies and procedures. ERISA plan clients have a right to obtain a copy of the written policies and procedures developed in connection with the individual Prohibited Transaction Exemptions.

Conditions for managing accounts

HFS requires a client to fund a separate account with at least USD 50,000,000; however, this minimum is negotiable based on the nature of the services to be provided and/or such client's overall relationship with HFS and/or one of its affiliates.

Investment in an HFS fund is not subject to the foregoing minimum; instead, it is subject to the minimum amount specified in the offering document for such fund.

Legal proceedings—class actions and other matters

For separate accounts, HFS will not advise or act for the client in legal proceedings, including class actions, bankruptcies or other similar legal matters with respect to securities held or that were held in a client account. HFS encourages clients to contact their custodians to ensure they are receiving the proper notification of any such legal proceedings. Further, we encourage clients to seek the advice of counsel regarding the participation and filing requirements associated with such matters. HFS will not be responsible for any failure to meet the filing or other requirements of legal proceedings with respect to securities held or that were held in a client account.

Tax matters

HFS will not advise or act for the client on tax matters. We encourage clients to seek independent professional tax advice on any taxation matters. HFS will not be responsible for any failure to meet the filing or other requirements of tax proceedings with respect to securities held or that were held in a client account.

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

Overview

This section of the Firm Brochure describes the methods of analysis we use to formulate investment advice and manage assets. We also discuss the material risks that clients should generally consider when investing in any of our strategies.

Methods of analysis

We believe in an active approach, supported by an investment team with extensive experience as direct risk-takers (at hedge funds or proprietary trading desks) and hedge fund investors. This real-world experience enhances our ability to vet market opportunities, differentiate between managers and monitor current investment holdings. Primarily, we are active managers of active managers and rely heavily on proprietary evaluation of underlying strategies to support our allocation decisions.

In addition to investments, we believe focusing on investor advocacy, governance and operational due diligence results in advantageous terms and protection of capital. Fees are a focus and we seek to use our scale as a large investor to reduce fees we pay to underlying sub-funds whenever possible. Ultimately, we believe hedge fund fees are a function of two factors: (i) supply and demand for hedge fund capacity; and (ii) the ability of a manager to generate sustainable alpha. HFS seeks to ensure the fees our products pay are commensurate with the aforementioned factors.

From a top-down perspective, our goal is to build robust hedge fund portfolios seeking to: (i) preserve capital; and (ii) generate positive risk-adjusted returns across varying capital market environments and macroeconomic regimes. Accordingly, we believe it is essential to have a deep understanding of the drivers of risk and return, as well as a command of the broader capital markets. Understanding an investment strategy's source of alpha (be it idiosyncratic, carry/yield, liquidity driven and/or directional in nature), as well as the causal factors behind how various strategies perform and correlate to each other and to the markets in varying economic environments, is key to constructing robust hedge fund portfolios.

From a bottom-up perspective, the manager selection process is forward-looking, and emphasis is placed on the qualitative attributes of successful managers rather than simply on their historical track records. We conduct a combination of onsite and offsite due diligence to ascertain a manager's investment acumen under varying market conditions, as well as the manager's ability to run an investment business. The due diligence process is designed to evaluate the manager's investment methodology and execution, portfolio management and risk control, and operations and infrastructure. The goal is to identify the differentiating factors that we feel give the manager a sustainable investment edge in seeking to generate superior risk-adjusted returns over time.

Investment research is organized by "Strategy Teams" based on specialist knowledge and skill sets. Each Strategy Team has two core responsibilities: (i) manager research / monitoring; and (ii) strategy research. Strategy Team research is a key input for the portfolio management process. Responsibilities are delegated by skill set and seniority.

In addition to investment research and portfolio management professionals, the investment team also includes individuals focused on other investment-related functions. These areas include:

- Operational Due Diligence
- Investment Risk
- Investment Structuring and Client Advocacy
- Client-facing portfolio specialists

The portfolio management process is led by our Chief Investment Officer ("CIO"). The CIO is supported by senior investment professionals and the investment risk team with oversight from compliance and market risk control. The investment team leverage the research of global strategy teams and incorporate both the top down strategy views and bottom-up manager views. Additional consideration is given to operational due diligence, corporate governance and client advocacy.

Investment strategies

HFS employs a number of investment strategies in connection with investment management services it provides to its clients. Our clients should carefully read the relevant offering memorandum or negotiated advisory agreements for specific information applicable to that investment to ensure that the investment is appropriate considering, among other things, their own investment objectives, risk tolerance, and time horizons. When managing funds and accounts, HFS will principally use one or more of the following strategies:

Equity Hedged

Equity Hedged managers generally use fundamental analysis to invest in publicly traded equities and seek to generate alpha through superior security selection. Portfolio construction is driven primarily by bottom-up fundamental research; top-town analysis may also be applied. Sub-strategies include: Fundamental, Equity Event, and Opportunistic Trading.

Direct Trading strategy

HFS may allocate a portion of a fund's assets to one or more portfolio funds for which HFS implements a direct trading strategy as a sub-manager. The Direct Trading strategy is speculative and entails substantial risks. Please see below for further details of particular risks when using this approach.

Direct Investing within Equity Hedged

One of our direct trading programs is the Metric Fundamental strategy, which commenced trading in June 2017. The objective of the Metric Fundamental strategy is to trade a securities portfolio that replicates the aggregate performance characteristics of a portfolio of equity securities held by a select number of sub-managers and listed on their respective filings under SEC Form 13F.

HFS will not receive compensation on the Metric Fundamental strategy if an allocation is made from an existing product mandate.

Other Direct Trading

HFS may pursue a number of different categories of trades as a sub-manager, including with respect to the categories listed below, although there can be no certainty that any particular category of trade will be effected at any particular time or that HFS will, or will not, effect multiple trades in several categories essentially simultaneously. HFS may pursue additional categories, or sub-categories, of trades at any time in the future. HFS-initiated trades may be effected directly or indirectly, through synthetic instruments, depending on our views as to the most optimal trade construction.

- Representative sub-manager Trades. Trades in this category are often consensus or ubiquitous trades.
- Macro Trades. Macro trades often emanate from our general outlook on markets and/or from collaborative discussions with sub-managers pursuing "Trading" strategies (i.e., discretionary and systematic macro, or global macro, strategies).

- **Primary and Secondary Issuances.** HFS may have the opportunity to participate in allocations of shares to be priced and sold in initial public offerings ("IPOs"), as well as to participate in secondary offerings of public issuers in both the equity and debt markets.

Trading

Trading strategies are generally top-down in nature and often driven by economic and macroeconomic research. These strategies may utilize financial instruments, such as foreign exchange, equities, rates, sovereign debt, currencies, and commodities to express a manager's view. In executing different approaches, managers may use either fundamental or quantitative models or a combination of both. Sub-strategies include: Systematic, Discretionary (previously known as Global Macro) and Commodities.

Relative Value

Relative Value is a broad category, generally encompassing strategies that are non-directional and often quantitatively driven. Managers in this strategy typically use arbitrage to exploit mis-pricings and other opportunities in various asset classes, geographies, and time horizons. Managers frequently focus on capturing the spread between two assets, while maintaining neutrality to other factors, for example to geography, changes in interest rates, equity market movement, and currencies, to name a few examples. Sub-strategies include: Fixed Income Relative Value, Agency MBS, Quantitative Equity, Cap Structure/Vol Arb, and Merger Arbitrage.

Credit/Income

In Credit/Income strategies, managers utilize credit analysis to evaluate potential investments and use debt or debt-linked instruments to execute their investment theses. Their approach can be either fundamental, quantitative, or a combination of both. Sub-strategies include: Distressed, Corporate Long/Short, Asset-Backed (previously known as Structured Products), Reinsurance/insurance linked Securities (previously known as Reinsurance), collateralized loan obligation/Corporate Lending (part of Structured Products prior to January 2016), and Other Income (previously known as Other).

Risk Parity

Risk Parity generally focuses on the passive allocation of risk, rather than of capital, in an attempt to provide a higher Sharpe ratio alternative to the traditional 60% stock / 40% bond portfolio through the use of a wider range of uncorrelated assets, low leverage, and low equity risk. Please note, while an alternative to traditional asset allocation, Risk Parity is not a hedge fund strategy.

Private Credit

Private Credit strategies encompass opportunities across a broad array of sectors within the debt markets (for example, Residential Real Estate, Commercial Real Estate, Corporate Credit, Collateralized Loan Obligations, and Asset Backed). Managers generally apply in-depth fundamental credit, capital structure, and event analysis to individual investment opportunities. The strategy is frequently accessed through drawdown structures, similar to Private Equity vehicles. Sub-strategies include: Performing and Distressed.

Other

This category contains investment approaches that are outside of the mainstream hedge fund strategies (Equity Hedged, Credit/Income, Relative Value, and Trading), including niche investment approaches. Money Market funds and cash strategies are also included in this category, as are Liquidating/Side Pockets.

The description of services offered as well as strategies or securities used by HFS on behalf of its clients should not be understood to limit or constrain our investment activities. HFS remains free to offer any advisory services, engage in any investment strategy and make any investment that we consider appropriate, subject to our clients' objectives and guidelines. The investment strategies HFS pursues are speculative and entail substantial risk. There can be no assurance that any of our clients will achieve their investment objectives; therefore, such activities could result in a substantial loss of capital.

Material Risks

All investments carry a certain amount of risk and a client may lose all of its investment by investing in funds or accounts managed by HFS. HFS cannot guarantee that it will achieve any or all of its clients' investment objectives. Below is a summary of certain risks that may be associated with such an investment. This list of risk factors is not a complete enumeration or explanation of the risks involved in an investment. Clients should read this entire Firm Brochure as well as the prospectus or offering documents or negotiated advisory agreement governing their investment for additional risk factors. Clients should also consult with their own legal, financial, and tax advisors before deciding whether to invest in a strategy.

- ***Management risk:*** The risk that the investment strategies, techniques and risk analyses employed by HFS may not produce the desired results. Our 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, our 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 HFS 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:*** HFS 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 HFS is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency.
- ***No UBS Guarantee:*** An investment in a fund managed by HFS is not a deposit or other obligation of UBS AG or any other bank, is not endorsed or guaranteed by UBS or any other bank, is not insured by the FDIC or any other governmental agency, and involves investment risks, including loss of principal invested. Any losses in a fund managed by HFS will be borne solely by investors in such fund and not by HFS or its affiliates; therefore, losses in such fund will be limited to losses attributable to the ownership interests in the covered fund managed by HFS and its affiliates in their capacity as investors in such fund.
- ***Personnel risk:*** HFS 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 HFS, we will not be responsible for the client's overall diversification, asset allocation or liquidity needs. In addition,

certain strategies pursued by HFS may be non-diversified and hold a low number of investments. An investment in a fund or account managed by HFS may require significant written prior notice and at predetermined intervals throughout the year, meaning such an investment may not be suitable for someone who needs immediate liquidity associated with an investment. Additionally, investments in a fund or account may be subject to gates and other redemption restrictions which may restrict liquidity.

- *Tax risk:* Clients should consult their tax advisors regarding the tax consequences of their investments. HFS is not a tax advisor, although certain of its investment strategies may consider the potential tax implications of investment decision.
- *Risks of equity instruments:* For strategies investing in equity securities, there are various risks including, without limitation, the following:
 - The stock markets where a portfolio's investments are traded may shut down or otherwise become unavailable.
 - 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.
- *Risks of fixed income investments:* For strategies investing in fixed income securities, there are various risks including, without limitation, the following:
 - 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) bonds. 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:* For strategies investing in foreign countries and emerging markets, there are various risks including, without limitation, the following:
 - 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-U.S. currencies.

The risks described above are more severe for funds investing in emerging markets than for non-U.S. 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 laws 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:
 - Market risk: the risk that the market value of the investment will decline;
 - Credit risk: the risk that the counterparty to the transaction will default on its obligations;
 - Liquidity risk: the risk that the instrument will not be readily marketable; and
 - 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 may expose strategies to the risks associated with issuers that have no operating history as public companies, as well as potentially significant price fluctuations. Furthermore, there is no guarantee funds invested into by HFS will be allocated IPOs in the future.
- *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:* 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 Firm Brochure. Prior to investing an account in a fund, HFS 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, 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 into another 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.
- *Cybersecurity:* HFS, like all companies, may be susceptible to operational and information security risks. Cybersecurity failures or breaches of HFS or its service providers or the issuers of securities in which HFS invests have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. Although HFS takes protective measures, it may be vulnerable to unauthorized access, computer viruses or other events that could impact security. HFS currently and in the future is expected to routinely communicate by email or other electronic means. E-mail messages may not be secure, may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted and read by others, deleted, or modified without the knowledge of the sender or intended recipient.
- *Environmental, Social and Governance ("ESG")/Sustainability:* HFS may, in its discretion, consider ESG factors when making recommendations or selecting investments, which, as a result, may reduce the investable universe.
- For the Hedge Fund Solutions Direct Trading strategy, the following are additional Risk Factors:

- Lack of Prior Performance: HFS has very limited direct trading experience and limited experience implementing the direct trading strategy. The past performance of HFS and its investment professionals in implementing multi-manager investment programs on behalf of HFS clients is not indicative of the likely performance of the HFS direct trading strategy.
- Rules-Based Trading Strategy: Our investment and trading decisions for the Metric Fundamental strategy are not determined by an analysis of the issuers of the securities to which HFS seeks exposure through the Metric Fundamental strategy, or by an analysis of the price behavior of such securities, but by a set of rules developed by HFS which seek to produce a portfolio with the return characteristics of a portfolio of portfolio funds managed by third-party sub-managers. The success of our Metric Fundamental strategy will depend, in large part, on the sub-manager and equities selection criteria and rules developed by HFS which incorporate assumptions that could prove over time to be incorrect. For example, equity selection rules may assume the existence of relationships among various performance factors within an equity portfolio that appear to hold true (or did hold true in the past) but that may not exist in the future or may not hold true in certain market conditions resulting in a failure of HFS to realize the objectives of its Metric Fundamental strategy. Additionally, the Metric Fundamental strategy is based on SEC filings from sub-managers which may reflect stale positions (currently, SEC Form 13F is filed 45 days after the end of a quarter) and therefore HFS will not know if the sub-managers still hold the same positions at the time HFS creates or rebalances its Metric Fundamental strategy portfolio. There can be no assurance that HFS will achieve its objective of to deliver a positive relative return versus traditional U.S. equity long/short strategy benchmarks over a three- to five-year time frame or not incur losses.
- Delegation to Affiliates of Certain Operations: HFS will delegate to one or more of its affiliates certain operational functions related to trade execution, certain reporting, and the management of relationships with its clients' brokers and dealers in connection with its direct trading strategy, and HFS has no means by which to monitor directly or control the operational risks assumed in doing so.
- Systems Risks: HFS relies on service providers to maintain appropriate systems to facilitate their activities. HFS may rely extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor a portfolio fund's portfolio and net capital, and to generate risk management and other reports that may be critical to oversight of a portfolio fund's activities. In addition, certain of our operations may interface with or depend on systems operated by third parties, including prime brokers, securities exchanges and other types of trading systems, market counterparties, custodians and other service providers. HFS may not be in a position to verify the risks or reliability of such third-party systems. Furthermore, these programs or systems may be subject to defects, failures or interruptions, including, without limitation, those caused by computer "worms," viruses and power failures. Any such defect or failure could have a material adverse effect on a portfolio fund. For example, such failures could cause the settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect HFS's ability to monitor a portfolio fund's investment portfolios and risks.
- Selection of Brokers: HFS may be subject to conflicts of interest relating to our selection of brokers. Portfolio transactions are typically allocated to brokers on the basis of, among other things, best execution and in consideration of a broker's ability to effect the transactions, its facilities, reliability and financial responsibility, as well as the provision or payment by the broker of the costs of research and research-related services. In addition, brokers may provide other services that are beneficial to HFS, but not necessarily beneficial

to portfolio funds, including, without limitation, capital introduction, marketing assistance, consulting with respect to technology, operations or equipment, and other services or items.

- Lack of, and Dependence on Sub-Managers for, Information on Opportunistic Investments: As part of its due diligence activities, HFS attempts to assess the investment potential and risks of opportunistic investments and relies upon the accuracy and completeness of information provided by sub-managers or other agents of the applicable portfolio funds. HFS cannot guarantee the accuracy or completeness of such information and any due diligence activities based on inaccurate or incomplete information may impede our ability to identify, select and monitor opportunistic investments. Furthermore, in most cases, the fund is not provided with detailed position-level information regarding the investments or the risks related to an opportunistic investment because the sub-manager may consider such information to be proprietary or otherwise confidential. This lack of access to information may make certain quantitative or qualitative risk analyses by HFS less effective or impossible. Our approach to risk analysis varies from sub-manager to sub-manager depending upon a variety of factors, including, but not limited to, the information available regarding the sub-manager's investments, the sub-manager's historic performance, the knowledge and experience of the sub-manager's personnel and economic trends and conditions.

Operating events/errors

Human error, operational error or failure attributable to HFS ("Operating Events/Errors") occasionally may occur in connection with the management of funds and client accounts. HFS has policies and procedures that address identification and correction of Operating Events/Errors, and resolves matters in a manner consistent with high standards of integrity and ethical conduct.

Senior management, in conjunction with Product Control and the Legal and Compliance Departments, will determine: (1) whether an Operating Event/Error has, in fact, occurred and the nature of such Operating Event/Error; (2) any impact of an Operating Event/Error on client accounts; (3) any necessary corrective action; and (4) the appropriate measures to prevent a recurrence of the error.

HFS has full discretion to resolve a particular Operational Event/Error in a manner other than specified above after a complete investigation and evaluation of the circumstances surrounding the event.

Item 9 Disciplinary Information

Overview

In this section of the Firm Brochure, we are required to disclose 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.

Neither HFS nor its management personnel have any reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Overview

This section of the Firm Brochure contains information about our financial industry activities and affiliations. We provide information about the material relationships and arrangements we have with advisory affiliates or persons under common control with our firm, including broker-dealers, pooled investment vehicles, affiliated investments advisers, financial planners, banking institutions and other similar entities. We identify if any of these relationships or arrangements create a material conflict of interests with clients and discuss how we address these conflicts.

Broker-dealer registration

Neither HFS nor any of its management persons are currently registered as a broker-dealer or broker-dealer representative, respectively.

Futures Commission Merchant ("FCMs"), Commodity Pool Operator ("CPOs"), or Commodity Trading Advisor ("CTAs")

In addition to being a registered investment adviser with the SEC, HFS is registered with the Commodity Futures Trading Commission ("CFTC") as a CPO and a CTA, and is a member of the National Futures Association ("NFA"). Associated Persons¹ of HFS are also separately licensed to provide advice regarding investing in commodities and futures contracts. Although a separate license is required to provide advice with respect to investing in commodities and futures contracts, there is no separate or additional fee for these recommendations.

The following affiliates of HFS are registered with the CFTC as FCMs, CPOs, and/or CTAs: UBS Securities LLC (FCM, CPO, and CTA); UBS Financial Services Inc. (FCM); UBS AM (CPO and CTA); and UBS O'Connor (CPO).

Use of related persons – material relationships and arrangements

As noted in *Item 4 Advisory Business*, HFS is an indirect wholly owned subsidiary of UBS, a Swiss banking corporation headquartered in Zurich and Basel, Switzerland. As a large, globally diversified financial services firm, UBS' direct and indirect affiliates and related persons include various broker-dealers, future commission merchants, commodity pool operators, commodity trading advisers, investment advisers, pension consultants, banking organizations and other financial services firms. HFS has, and it anticipates it will continue to maintain, arrangements with UBS and its affiliates that are material to its business.

In addition, HFS 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, human resources services, financial control services, market risk services, legal services, compliance services, and equity trading support services.

A list of significant subsidiaries and associates of UBS is available in the UBS annual report, which is publicly available at www.ubs.com.

- **Affiliated Broker-Dealers, Municipal Securities Dealers and Government Securities Broker-Dealers:**
The following affiliates of HFS are broker-dealers registered in the United States: UBS Securities LLC; UBS Financial Services Inc.; UBS Financial Services Incorporated of Puerto Rico; UBS Asset

¹ For NFA purposes, an Associated Person is "an individual who solicits orders, customers or customer funds (or who supervises persons so engaged) on behalf of a FCM, retail foreign exchange dealer ("RFED"), introducing broker ("IB"), CTA or CPO."

Management (US) Inc.; and UBS Fund Services (USA) LLC. Certain of those affiliates are also registered as municipal securities dealers and/or government securities broker-dealers. In addition, HFS has numerous broker-dealer affiliates operating outside the United States. A complete list of affiliated broker-dealers is available to clients upon request.

HFS may engage in several types of trading with its affiliates, including:

- i. *agency transactions*: where HFS chooses to execute a securities transaction through an affiliated broker-dealer who acts as agent on behalf of the client. The affiliated broker-dealer charges a commission for effecting the trade. Currently, HFS invests in funds of hedge funds or managed accounts, and does not execute individual security transactions; however, we do enter certain of the funds into forward foreign currency contracts. To the extent HFS would receive a distribution in-kind from a sub-fund or otherwise have direct holdings of securities, HFS typically engages O'Connor to facilitate the liquidation of the positions. In such instances, HFS may use the execution capabilities of affiliated broker-dealers as counterparty to place orders on an agency basis. Any such orders would only be placed with written client consent, which is typically provided in the advisory contract. HFS is not charged a commission on these transactions; however, an implied commission exists via the spread on the contracts;
- ii. *agency cross transactions*: where HFS acts as an investment adviser in relation to a transaction in which one of our affiliates acts as broker for clients on both sides of the transaction. The respective affiliate receives a commission from each client for acting in this capacity. Transactions of this nature are only executed in accordance with Rule 206(3)-2 of the Advisers Act, and HFS will only conduct such transactions where it has made the investment decision for both the buyer and seller under certain conditions. HFS will provide clients with written confirmations at or before such transactions are effected, as well as an annual statement containing details of any agency cross transactions effected in the period. Consent to agency cross transactions may be revoked by a client at any time; and
- iii. *internal cross transactions*: in certain instances, HFS may conduct an internal cross trade between two clients, and we may arrange these transactions for a number of reasons, typically when one account may have a need to sell a security that another account may have an interest in purchasing. Such transactions are only entered into in accordance with applicable law when we deem the transaction to be in the best interest of both clients, at a price determined by reference to independent market conditions, and which we believe to constitute best execution for both clients. We will not effect an internal cross trade through an affiliated broker-dealer, and neither HFS nor any of our affiliates will receive any compensation in connection with an internal cross trade.

HFS does not conduct internal cross trading for clients with respect to which we are a "fiduciary" as defined in ERISA (except in very limited circumstances) or for SEC registered funds.

- iv. *principal transactions*: certain securities are primarily traded in dealer markets, and in some instances, our affiliate will act as principal for its own account when buying or selling such securities. Additionally, transactions involving forward foreign currency exchange contracts and over-the-counter derivatives may be effected as principal transactions. Such principal trading will only be conducted in accordance with applicable law (in this case, Rule 206(3) of the Advisers Act, or the "Principal Transactions Rule") and our internal policies and procedures. Clients are provided with prior written disclosure of the terms of the

transaction (including the current market price, proposed commission and any conflicts presented by the transaction) and must provide consent to the trade.

- *Affiliated Investment Advisers:* As stated in Item 4, HFS is one of the investment advisory entities within the UBS Asset Management division. UBS AM, O'Connor, RE and Farmland are also SEC-registered investment advisers in the division.

UBS AM presents multi-asset class marketing materials to certain prospective clients that may include materials for HFS, O'Connor, RE and/or Farmland in the same presentation.

Additionally, HFS engages in a variety of transactions involving its affiliates that are members of UBS Asset Management and Wealth Management Business Group in connection with the marketing and distribution of its investment products and services. These affiliates are compensated for these activities by HFS.

- *Participating Affiliates:* In addition to the above, UBS Asset Management division includes various Participating Affiliates operating outside the United States that provide investment management services. HFS has entered into a sub-advisory agreement with UBS Asset Management Participating Affiliates globally to provide investment advice to certain HFS clients. These services may include sub-advisory services to some products managed by HFS for the purpose of: (i) providing advice and services when requested by HFS regarding, without limitation, (A) alternative asset managers ("sub-managers") and the funds they operate ("portfolio funds") for investment (B) direct investments, and (C) any other authority delegated to HFS by the funds; and (ii) when requested by HFS, making decisions regarding, without limitation, (A) the selection of sub-managers and portfolio funds for investment, (B) the selection of direct investments, and (C) any other authority delegated to HFS by the funds in accordance with the investment program described in the relevant Memoranda.

The following affiliates provide investment advisory services outside the United States:

- UBS AG
- UBS Asset Management (Australia) Ltd.
- UBS Asset Management (Canada) Co
- UBS Asset Management (Deutschland) GmbH
- UBS Asset Management (Hong Kong) Limited
- UBS Asset Management (Italia) SGR S.p.A
- UBS Asset Management (Japan) Limited
- UBS Asset Management (Shanghai) Limited
- UBS Asset Management (Singapore) Ltd.
- UBS Asset Management (Taiwan) Ltd.
- UBS Asset Management (UK) Ltd.
- CCR Asset Management S-A
- UBS Luxembourg Sa
- UBS Fund Management (Luxembourg) SA
- UBS Hana Management Company Ltd.
- UBS Switzerland AG

HFS currently has a sub-advisory relationship with UBS Asset Management (UK) Ltd, located in London. Similarly, HFS has and can avail itself of additional investment capabilities through various UBS Asset Management Participating Affiliates globally.

The following advisory affiliates provide fund administration services outside the United States:

- UBS Fund Management (Luxembourg) S.A.

- UBS Fund Management (Switzerland) AG
 - UBS Fund Services (Luxembourg) S.A.
- *Investment Companies:* As stated in *Item 4* above, HFS primarily invests in portfolio funds for other clients which includes funds that are registered under the Investment Company Act (each, a “Registered Investment Company”). The Investment Company Act imposes certain investment limitations on a Registered Investment Company which may impact the Funds and other clients when they want to invest in the same portfolio fund. The Investment Company Act prohibits affiliated transactions which would occur if a Registered Investment Company, along with other certain clients of HFS, own (or are deemed to own) in aggregate 5% or more of the voting securities of a portfolio fund. HFS primarily invests in non-voting share classes or waives voting rights if non-voting share classes are not available.
 - *Pooled Investment Vehicles:* HFS also acts as investment manager to Private Funds, which are exempt from registration under the Investment Company Act and the offering or sale of interests in such Private Funds is exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”). Certain members of the Private Fund management boards may be employed by HFS. Members of the Private Funds’ management boards, including the members who are not employed by HFS, may also serve as members of the boards of directors of other investment funds advised by HFS and by other investment managers not affiliated with HFS, and such members may engage in other business activities. The members of the management board are not required to dedicate any particular amount of time to activities related to the Private Funds.

The transactions and portfolio strategies of HFS and its affiliates used for other investment funds or accounts could conflict with the transactions and investment strategies employed by HFS in managing its funds and adversely affect the availability of the portfolio funds in which the funds may invest and/or the financial instruments in which the funds, portfolio funds or advisory clients invest or may seek to invest. HFS and its affiliates are not under any obligation to share any investment opportunity, idea or strategy with its funds or advisory clients. As a result, other clients and our affiliates may compete for appropriate investment opportunities. Certain conflicts of interest may also arise from the fact that the investment banking and corporate finance activities of our affiliates may restrict the ability to purchase or sell certain financial instruments under applicable law, regulations or internal policies imposed by UBS AG. HFS and its affiliates will not be obligated to divest their proprietary or other clients’ positions or refrain from engaging in any transactions in order to permit clients to make any particular investment. Additionally, HFS may manage investment funds that are predominantly owned or seeded by its affiliates, which may create an incentive for HFS to allocate investment opportunities to such investment funds over other investment funds or clients it manages with similar investment objectives. Such other investment funds and other clients, together may own sufficient units to influence votes at the funds level, and the interests of such funds and other clients may differ from those of other members.

- *Financial Planners:* Affiliates of HFS, including UBS AG and UBS Financial Services, may provide financial planning services to their clients.
- *Banking Institutions:* As stated, HFS is a member of the UBS Asset Management division of UBS Group AG, a Swiss financial organization.

Affiliated banking institutions include the following wholly owned subsidiaries of UBS Group AG: UBS AG, a Swiss banking organization and a financial holding company under the US Bank Holding Company Act; and UBS Bank USA, a Utah industrial bank.

The Trust Company, an Illinois chartered non-depository trust company, is an affiliate of HFS, as stated in *Item 4 Advisory Business*. Certain UBS Asset Management employees are also officers of the Trust Company.

- *Pension Consultants:* Certain of our affiliates, including UBS Financial Services, may also provide pension consulting services to their clients.
- *Other:* UBS Business Solutions US LLC, a wholly owned subsidiary of UBS Group AG, provides certain services to UBS's affiliates and subsidiaries that operate in the United States, including HFS. Services currently include Finance, Risk Control, Compliance, Legal, Human Resources, Technology, and Operations.

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

Overview

This section of the Firm Brochure contains a summary of our Code of Ethics. We also describe circumstances where we may recommend, buy or sell securities for client accounts in which we (or a related person) may have a material financial interest. This description includes information on the conflicts of interests that may arise and how we address these conflicts.

HFS has adopted a code of ethics (the "Code") designed to meet the requirements of Rule 204A-1 of the Advisers Act and which sets forth ethical standards of business conduct required of all employees, including compliance with any other applicable federal securities laws. The Code is intended, among other things, to ensure that personal investing activities by employees and certain of their family members are consistent with our fiduciary duty to clients. The Code sets forth policies and procedures on identifying, escalating and addressing potential or actual conflicts of interest that may present themselves between employees, officers and directors of HFS ("Access Persons"²) and HFS clients.

The Code incorporates the following general principles which all employees are required to uphold:

- HFS and its employees must at all times place the interest of its clients ahead of their own;
- No principal or employee of HFS may buy or sell securities for his or her personal account portfolio(s) where their investment decisions is a result of information received as a result of his or her employment unless the information is also available to the investing public; and
- All employees are required to act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Unless specifically exempted, our Code generally requires Access Persons to obtain written preclearance for certain securities transactions within personal trading accounts, and Access Persons are subject to a 30-day holding period in their personal accounts. The trading 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 an affiliate or an unaffiliated manager. Additionally, in order to ensure that employees are not distracted from servicing advisory clients, Access Persons are discouraged from engaging in any personal trading activity that consumes excessive time and attention or interferes with the performance of their duties for UBS or UBS clients.

Employees of HFS, subject to personal trading rules, may choose to personally invest, directly and indirectly, in certain, but not all, of the funds advised by HFS. It is not expected that employees will pay fees for investing in such products. If such investments are made, the size and nature of these investments will change over time. Employees are not required to keep any minimum investment in any of the funds managed by HFS and former employees may continue to invest in funds managed by HFS with the same terms.

All HFS employees are required, upon hire and on at least an annual basis, to confirm receipt of the Code and to attest their compliance with the policies and procedures therein. Employees are also required to: (i) disclose any covered personal accounts³ within 10 days of becoming an employee of

² As defined in the Advisers Act, an "Access Person" is defined as any supervised person of an investment adviser who: (1) has access to nonpublic information regarding any advisory client's purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund; or (2) is involved in making securities recommendations to advisory clients in advisory accounts or who has access to such recommendations that are nonpublic.

³ A "covered personal account" includes any securities account (held at a broker-dealer, transfer agent, investment advisory firm, bank or other financial services firm) in which an employee has a beneficial interest or over which the employee has investment discretion or other control or influence.

the Firm, including certain immediate family member⁴ accounts; (ii) submit initial and annual holdings reports disclosing their personal securities holdings in any covered personal accounts; (iii) submit quarterly reports disclosing all personal securities transactions in any covered personal accounts; and (iv) report any violations of the Code promptly to the Chief Compliance Officer. Holdings and transactions are periodically reviewed by Compliance, and any violations are appropriately escalated to the CCO and resolved in accordance with Rule 204A-1, HFS policies and any other federal securities laws, as applicable.

The Code further includes HFS'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 is available to our clients and prospective clients. You may request a copy by emailing the CCO at frank.pluchino@ubs.com, or by calling Frank Pluchino at 203-719-7681.

Participation in client transactions

As described in *Item 10* above, certain clients of HFS engage in transactions with affiliates of HFS as counterparty and may do so in the future. Certain of our Private Funds may have a substantial investment, directly or indirectly, by our related persons.

To minimize potential conflicts of interests, our investment advisory business is structured as a separate and distinct business from our affiliates that conduct banking, investment banking, broker-dealer (other than pooled fund distribution), wealth management or a variety of other financial services businesses. In providing such services, our affiliates may have access to material, non-public information. In order to prevent the improper communication of such inside information, HFS and its affiliates have established policies and procedures designed to prevent the misuse of such information and the spread of such information within or across business divisions.

Our business processes and information systems are designed to prevent sensitive information regarding affiliates' businesses from being shared with or accessed by our personnel and to prevent sensitive information regarding our business from being shared with or accessed by our affiliates. However, despite these information barriers, as a result of applicable law or potential conflicts of interests, HFS may be precluded from effecting or recommending transactions in particular securities for its clients that we may otherwise believe are an attractive investment. Material, nonpublic information may also become available to HFS through our client relationships or other activities. This information will not knowingly be passed on to our clients, or used for our or their benefit, or for any other purpose.

⁴ Immediate family members, as defined by the SEC, include any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and shall include adoptive relationships.

Item 12 Brokerage Practices

Overview

This section of the Firm Brochure contains information regarding our brokerage practices, including the trade execution services we provide to clients in selecting broker-dealers and other execution counterparties and in negotiating commission rates and other transaction costs on behalf of our client accounts. We also discuss the brokerage and research services we receive in connection with client securities transactions. Additionally, we discuss the aggregation and allocation of client orders and how we address errors.

Selection of broker-dealers and commission rates

Since HFS is primarily an allocator to other pooled investment vehicles, it is unusual for us to engage on a frequent basis in securities-type transactions with broker-dealers. However, we launched a Direct Trading program in late 2019 where the services of a broker-dealer are required.

With respect to the Direct Trading strategy

Best Execution. When selecting brokers and dealers to execute transactions, HFS seeks to obtain best execution and may consider the various 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).

Additionally, HFS may consider a broker or dealer's relative performance on industry surveys and studies of execution quality. In connection with HFS's policy to seek best execution, there may be occasions where HFS uses a broker or dealer that charges a higher transaction price if we determine 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 these factors, HFS 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.

Directed brokerage

Clients may include any limitations on our discretionary authority in writing. Clients may change/amend these limitations as required, in writing.

Soft dollar benefits

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide appropriate assistance in the investment decision-making process. HFS limits the use of soft dollars solely to obtain research services that fall within the Section 28(e) safe harbor.

Aggregation and allocation of orders

As a matter of policy and practice, HFS does not generally block client trades; it implements client transactions separately for each account. HFS may give advice or take action with respect to any clients which may differ from the advice given or the timing or nature of any action taken with respect to investments to other clients.

It is our policy to allocate, to the extent possible, investment opportunities over a period of time on a fair and equitable basis. In cases where an investment opportunity may be limited, priority may be granted to one client over another for a variety of reasons including, but not limited to, instances where the funds or other clients, as the case may be: are below their respective minimum investment allocations; have been waiting to invest in a portfolio fund for more than a month; are making an initial investment in a portfolio fund; or such an investment would have negative implications (legal or regulatory) on other funds/accounts managed by HFS. In circumstances when it is unsuitable, impractical or undesirable for investment opportunities to be allocated among the fund and other clients as described above, HFS will allocate such investment opportunities among the funds and other clients in a manner that HFS in its discretion determines is fair and equitable, in its sole discretion.

HFS has no obligation to invest in or withdraw from a portfolio fund for the funds or other clients, even though HFS may invest in or withdraw from a portfolio fund for the accounts of other clients if HFS believes in good faith that such transaction or investment would be unsuitable, impractical or undesirable. Likewise, an affiliated sub-manager will have no obligation to purchase, sell or exchange any financial instrument for an affiliated portfolio fund which the affiliated sub-manager may purchase, sell or exchange for the accounts of its other clients if the affiliated sub-manager believes in good faith that such transaction or investment would be unsuitable, impractical or undesirable for the affiliated portfolio fund.

The factors that HFS may consider in allocating investments among the funds and the other clients include, without limitation: the fund's or the other clients' investment strategies, concentrations and diversification within such entity's portfolios; tax and regulatory issues; the nature and size of existing portfolio holdings and cash positions; risk/return objectives; and anticipated redemptions and subscriptions (liquidity). In certain circumstances, HFS may give special consideration if the funds or other clients have a substantial amount of available cash. With respect to new issues, HFS will determine whether the funds and any other clients are suitable and eligible to receive such issues, taking into consideration the factors described above. Furthermore, certain funds are subject to legal/regulatory restrictions that other funds are not and this may have an impact on the manner in which some securities are allocated.

Errors

Although HFS employees exercise due care in making and implementing investment decisions, HFS may, from time to time, make errors with respect to trades made on behalf its funds or clients. Trade errors can occur in connections with: (i) the placement of orders (either purchases or sales) in excess of or less than the intended amount; (ii) the sale/purchase of a security where the intent was to purchase/sell; (iii) the purchase or sale of the wrong security; or (iv) miscommunication among employees. The foregoing is not an exhaustive list.

As a general matter, if HFS commits a trade error that results in a net loss for a fund or a client, HFS will credit an amount equal to the net loss to that fund or client as soon as reasonably practical considering all relevant facts, which may include internal approvals. To the extent a net loss is caused by the mistake of a third party (such as a broker or other service provider), HFS will endeavor to recover such amounts from the responsible party.

Notwithstanding the foregoing, HFS has full discretion to resolve any particular trade error in a manner other than specified above after a complete investigation and evaluation of the circumstances surrounding the event.

Item 13 Review of Accounts

Overview

This section of the Firm Brochure describes our process for reviewing client accounts. We also describe the types of reports we provide to clients.

Account review

On at least a monthly basis, all accounts are reviewed in accordance with our portfolio management process, which is led by our CIO. The CIO is supported by senior investment professionals and the investment risk team, with oversight from compliance and market risk control.

With respect to the direct trading strategy, please refer to *Item 8* for an overview of this program. On a periodic basis, HFS will rebalance the direct trading portfolio and may adjust gross and net exposures in accordance with predetermined beta and volatility targets, adjust the portfolio in response to current market conditions or to express a sector or style bias, by electing to add or remove positions and adjusting the portfolio parameters of our rule-based selection methodology.

All portfolios are also monitored by the Quantitative Strategies and Risk Team, Risk Control, Operations & Product Control, and Compliance on a monthly basis, in an attempt to ensure that specific client investment guidelines and limits are met. Dedicated Portfolio Specialists are also assigned to each portfolio to provide assistance with monitoring and coordination with clients.

The "Review Committee" was established to serve as a final control for investment-related functions. The Review Committee reviews and approves the monthly trade blotter and open corporate actions. Members of the Review Committee include the Senior Investment Forum ("SIF") members, General Counsel, Chief Compliance Officer, Head Investment Specialists – Hedge Funds, Head of Portfolio Accounting & Performance, Head HFS Portfolio Accounting, Head of Portfolio Specialists, Senior Investment Operations and HFS Review Committee Secretaries. The Review Committee assesses month-end trade processes, the approval of new managers, pending open issues or risks, and various business topics. The CIO and Head of Investment Structuring and Operational Due Diligence (or an appointed delegate) have the ability to veto fund approvals and portfolio decisions.

Client reporting

Several methods of communication are used with clients, such as direct email, phone conversations, in-person or online video meetings and updates via the HFS website (ubs.com/alternatives). Note: Certain investors in our commingled products which are not registered with the SEC and other products subject to other regulatory requirements (e.g., UCIT compliant funds) may receive additional reporting, and thus, may receive more information than other investors in the respective fund. The decision to provide additional information is determined on a case-by-case basis. Below please find a list of standard reports available to clients:

Monthly Report

The Monthly report includes a commentary on recent performance, transparency on managers within the portfolio, information relating to the portfolio's overall strategy and sub-strategy, and performance/statistical analysis.

Strategy and Exposure Report

Strategy and exposure reports provide quantitative details, dissecting the portfolio into several components including strategy, geographic, sector and exposure levels.

Quarterly Risk Report

This comprehensive report is available 45-days after quarter-end and covers numerous types of portfolio and manager-level analyses. Some examples (not an exhaustive list) of analyses included in the report:

- Historical strategy risk allocation
- Performance-based statistics
- Value at Risk (VaR) and Risk Contribution
- Leverage
- Liquidity
- Drawdown
- Beta
- Correlation
- Equity Hedged Portfolio Analysis - "Value Add"

Quarterly Hedge Fund Strategy Review and Outlook

For this quarterly report, the HFS investment team highlights the drivers of each hedge fund strategy's current opportunity. It also includes our outlook for the upcoming quarter.

Audited financial statements

For certain of our investment vehicles, audited financial statements are completed each year by a public accounting firm registered with, and subject to the oversight and inspection by, the Public Company Accounting Oversight Board ("PCAOB"), and are provided to investors annually in accordance with Rule 206(4)-2 (the "Custody Rule"). Investors in these vehicles receive audited financials within 120 days of the account fiscal year end (within 180 days for fund-of-funds).

Item 14 Client Referrals and Other Compensation

Overview

This section of the Firm Brochure describes our process for client referrals and related compensation arrangements.

HFS may compensate solicitors, placement agents, distributors, or marketers (any of which could include affiliates) for new business, pursuant to a written agreement consistent with the requirements of Rule 206(4)-3 under the Advisers Act and applicable state laws and regulations. HFS compensates such persons who introduce investors to accounts managed by HFS out of a portion of the fees we collect (such expenses are borne by HFS and not the client). The duration of fees shared for each such arrangement varies on a case-by-case basis. In addition, solicitors, placements agents, distributors, or marketers (which may include affiliates), may charge fees in addition to the fees HFS collects.

Additionally, funds managed by HFS may occasionally receive rebates from the underlying funds in which they invest. Any rebate received will be placed into the affected client accounts. HFS may, therefore, receive a benefit in the form of management fees charged to the funds on the resulting higher asset base. HFS may also receive a benefit on the incentive side because the expenses to the hedge fund are less, resulting in better gross performance.

Item 15 Custody

Overview

This section of the Firm Brochure describes our custody of Client assets.

HFS does not maintain physical custody of any client assets, as all of our clients' assets are maintained by qualified custodians. The term "custody," however, is broadly defined by the SEC in the Custody Rule, and our affiliates perform certain activities that may result in HFS being deemed to have custody.

In accordance with the Rule, HFS sends periodic account statements to clients. We believe, after due inquiry, that our clients' qualified custodians send periodic account statements to them as well.

Item 16 Investment Discretion

Overview

This section of the Firm Brochure describes our discretionary arrangements when providing investment advisory services to Clients.

In accounts where HFS has investment discretion, we will make investment related decisions without consulting the client. Such decisions involve determinations regarding which securities are bought and sold for the account and the total amount of securities to be bought and sold.

Our discretionary authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between HFS and the client.

Item 17 Voting Client Securities

Overview

This section of the Firm Brochure describes how HFS manages proxy votes on behalf of our clients.

As noted above, HFS is primarily an allocator to other pooled investment vehicles. When possible, we allocate to non-voting share classes. However, where HFS has voting rights, the general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of the clients managed by HFS, as determined by HFS in its discretion, taking into account relevant factors, including, but not limited to:

- the anticipated costs and benefits associated with the proposal;
- the effect on liquidity;
- impact on redemption or withdrawal rights;
- the continued or increased availability of portfolio information;
- customary industry and business practices; and
- the impact on the value of securities.

At times, conflicts may arise between the interests of the client, on the one hand, and the interests of HFS or its affiliates, on the other hand. If HFS determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, HFS will address matters involving such conflicts of interest as follows:

- if a proposal is addressed by specific HFS policies, HFS will vote in accordance with such policies;
- if HFS believes it is in the best interest of the client to depart from the specific policies, HFS will be subject to the requirements below, as applicable; and
- if the proxy proposal is: (i) not addressed by the specific policies; or (ii) requires a case-by-case determination by HFS, HFS may vote such proxy as it determines to be in the best interest of the client, without taking any action as described below, provided that such vote would be against HFS's own interest in the matter (i.e., against the perceived or actual conflict). HFS will memorialize the rationale for voting in writing.

HFS retains all proxy voting books and records in accordance with Rule 204-2 of the Advisers Act (the "Books and Records Rule"), including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Frank Pluchino by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted.

Item 18 Financial Information

Overview

This section of the Firm Brochure describes our financial condition, including whether HFS has been the subject of any bankruptcy petition and whether we require fee payment in advance.

Under no circumstances do we require or solicit payment of fees in excess of USD 1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

HFS has no financial condition that is reasonably likely to impair our ability to meet our contractual obligations. HFS has not been the subject of a bankruptcy petition at any time during the past ten years.