



## Form ADV Part 2A Firm Brochure

### Item 1 - Cover Page

SEC File Number 801-57469

#### **UBS O'Connor LLC**

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March 31, 2023

*This "Firm Brochure" provides information about the qualifications and business practices of UBS O'Connor LLC. If you have any questions about the contents of this brochure, please contact Chuck Mathys at (312) 525-4114, or via email at [charles.mathys@ubs.com](mailto:charles.mathys@ubs.com). The information in this 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 O'Connor LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search the SEC's site by a unique identifying number, known as a CRD number. Our firm CRD number is 108754.*

*UBS O'Connor 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 in March 2022, UBS O'Connor LLC has made only immaterial changes to its Firm Brochure.

Clients and prospective clients should review this entire brochure carefully.

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## Item 4 - Advisory Business

### Overview

*This section of the Firm Brochure contains a general description of UBS O'Connor LLC (also referred to as "we," "our," the "Firm," or "O'Connor"), 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).*

### Firm background

UBS O'Connor LLC, a Delaware limited liability company, is a wholly-owned subsidiary of UBS Asset Management (Americas) Inc. ("UBS AM"), a wholly-owned subsidiary of UBS Americas Inc., which is 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"). 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.

O'Connor was established in January 2000 when a proprietary trading group within UBS' Investment Bank Division was transferred to the UBS Asset Management business division, establishing a newly formed investment management entity which provides investment advisory services to various types of pooled investment vehicles and institutional separately managed accounts, which are further described in this Firm Brochure. O'Connor has been registered with the U.S. Securities and Exchange Commission ("SEC") as an investment adviser since its establishment and is part of the UBS Asset Management business division of UBS.

In addition to O'Connor, 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 Hedge Fund Solutions ("HFS"), another wholly-owned subsidiary of UBS AM, offers investment advisory services regarding investments in pooled investment vehicles, some of which are registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), as well as institutional and ultra-high net worth investors.
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 ("IDI") and multi-managers ("MM-RE"), which 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, HFS, REPM, Trust Company and FMS businesses are not covered by this Firm Brochure.

### *Types of advisory services*

O'Connor primarily provides both 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 require that transactions be either traded by or authorized by them in advance) to various types of pooled investment vehicles, (which may or may not be exempt from registration), and institutional separately managed accounts ("SMAs") (collectively, "Clients"). Specific investment objectives, strategies, risks, fees and expenses are described in detail in each Client's investment management agreement, confidential offering memorandum and/or other governing documents (each as applicable, and collectively, "Governing Documents").

Certain of O'Connor's private investment vehicle Clients may operate under a fund-of-fund, multi-manager, or multi-strategy structure, where O'Connor selects a portfolio of different underlying funds or strategies for such Clients. O'Connor may also engage the services of sub-advisors for certain of its Client accounts.

O'Connor generally uses a combination of fundamental and/or quantitative analysis when formulating its investment advice or managing Client assets, but may use additional or alternative approaches as it deems necessary or appropriate.

Additionally, O'Connor may seek the advice and assistance of its non-U.S. affiliates within the UBS Asset Management business division 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*

Generally speaking, O'Connor has wide latitude in the investments in which it may offer advice on, including, but not limited to: (1) exchange-listed securities, securities traded over-the-counter, privately-placed securities and foreign issues; (2) warrants and rights; (3) debt securities issued by corporations, supranationals and financial institutions; (4) commercial paper and other money-market instruments; (5) certificates of deposit; (6) municipal securities; (7) mutual fund shares, including closed-end and exchange-traded funds ("ETFs"); (8) government and government-sponsored enterprises securities; (9) time deposits maintained inside or outside the U.S., held in book-entry form by the custodian of the Client's assets; (10) foreign government and foreign government agency securities; (11) repurchase agreements; (12) bank loans and loan participations; (13) master notes; (14) mortgages (agency and non-agency mortgage-backed securities and real estate); (15) convertible securities, distressed debt, preferred stock, and pass-through participation certificates in pools of real estate mortgages, credit card receivables, and auto loan receivables (asset-backed securities); (16) other loans; (17) collateralized debt obligations or collateralized loan obligations ("CLOs"); (18) foreign exchange ("FX") commodities and currencies; (19) inflation protected securities; (20) depository receipts; (21) various derivative instruments, including: options contracts on securities and commodities, futures contracts, forward and spot currency contracts, swaps (including, but not limited to interest rate swaps, contracts for difference, total return swaps, portfolio swaps, credit default swaps ("CDS") and swaps on indices), participation notes, structured notes and various types of agency and non-agency asset-backed securities; (22) other pooled investment vehicles; (23) special purpose acquisition vehicles ("SPACs"); (24) various derivative instruments, including notes and participation agreements related to the supply-chain and accounts receivable financing of companies ("working capital"); (25) various derivative instruments, including futures, options and swaps, and physical certificates related to the credit/allowances related to carbon offsets, greenhouse gas emissions and similar environmentally related opportunities ("carbon trading"); and (26) other credit related instruments.

### ***Restrictions regarding certain types of services and investments***

O'Connor 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 O'Connor to certain provisions of the Bank Holding Company Act ("BHCA"). The BHCA may, in certain circumstances, limit our Client's ownership of stock issued by other U.S. companies and other bank holding companies that are subject to the BHCA. O'Connor Client accounts generally will not be able to invest in securities solely issued by UBS.

O'Connor or 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. O'Connor or 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, O'Connor has policies in place that prohibit securities of certain companies to be included in 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 the Swiss Federal Act on War Materials.

Similarly, other state, federal or national laws may restrict our Client's aggregate ownership of stock issued by certain companies. As a result of these possible limitations, O'Connor may not be able to purchase securities that our models would otherwise indicate that we should, and therefore an account would not participate in the "upside" of such purchase (if any).

### ***Assets under management***

Client regulatory assets under management for O'Connor as of December 31, 2022 are as follows:

	US Dollar Amount
Discretionary:	\$14,941,616,740
Non-Discretionary	\$0
Total:	\$14,941,616,740

## 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***

O'Connor does not have a standard fee schedule. Fees and expenses are described in detail within each Client account's respective Governing Documents. However, in providing investment advisory services, O'Connor commonly receives a management fee from a Client in an amount equal to a percentage of the net assets managed by O'Connor as determined at the end of a month or quarter, respectively. Fees may be calculated based on the aggregated market value of all assets under management and may include allocations to cash. In the event of termination during a monthly or quarterly period, prorated adjustments in management fees are made, as appropriate.

O'Connor may receive a performance-based fee, based on a percentage of profits earned within the applicable determination period, and in addition to its management fee. Typically, management fees and performance-based fees payable to O'Connor are separate, distinct, and in addition to other expenses that may be charged to Clients and disclosed in their applicable Governing Documents. Please see *Item 6 Performance-Based Fees and Compensation* below for details of such fees.

### ***Other fees***

Unless otherwise negotiated, Clients will pay transaction-related costs including, without limitation; brokerage commissions and/or spreads; exchange, regulatory and user fees; interest on margin accounts and other indebtedness; independent asset verification performance by a third party; borrowing charges on securities sold short; custodial fees; bank service fees; withholding and transfer fees; fees and expenses relating to investments in ETFs; expenses related to currency exchanges and currency hedging; professional fees (including, without limitation, expenses of consultants and experts) relating to portfolio instruments; legal fees; travel expenses; expenses incurred in connection with trade execution, clearance, settlement, confirmation and/or reconciliation; research expenses paid through "Research Payment Accounts" (RPAs); research expenses paid through soft dollar arrangements; fees and expenses related to prime brokerage, transaction counterparties and/or other service providers; investment-related expenses, regardless of whether or not investments are consummated; expenses related to obtaining any licenses or permits relating to investment for the Client, expenses related to logistical services, market data, and information technology, hardware, applications and software that will not be obtained through the use of soft dollars and other expenses related to the purchase, sale or transmittal of securities and other instruments.

In addition, Clients will likely assume the cost for other expenses. Such expenses unrelated to investments include, but are not limited to: fees for data and software providers; research expenses not paid through RPAs or soft dollar arrangements; technology expenses related to research and development, legal, accounting, audit and tax preparation and tax structuring expenses; entity-level taxes; governmental fees; regulatory expenses and fees (including, but not limited to, expenses incurred in connection with complying with regulatory reporting obligations, as well as out-of-pocket costs of preparing regulatory filings related to the Client or O'Connor as it relates to the Client); expenses related to the maintenance of a fund's registered office; expenses related to the establishment and operation of fund subsidiaries; expenses related to obtaining any licenses or permits; corporate licensing fees; the Management Board's and Officer's liability insurance premiums or fees and expenses (including travel); corporate secretarial services expenses; Anti-Money Laundering (AML) Officer expenses; expenses incurred in connection with the offer and sale of shares of a fund (including any expenses and fees associated with the creation of additional classes and series of shares such as fees and expenses associated with the preparation or amendment of Governing Documents and amendments or supplements to offering documents and any costs of printing, preparing and distributing explanatory

memoranda); administration fees; Employee Retirement Income Security Act of 1974, as amended, ("ERISA") bonding costs (if applicable); and expenses incurred in providing information to shareholders (including any fees associated with translation of fund documents and reports). In addition to these items, expenses of O'Connor, including, without limitation: personnel costs relating to finance, control, operational, legal, compliance, risk management, technology (research and development), trading and investment; and premises, recruitment and disaster recovery costs also fall within items in this category.

To the extent utilized, sub-advisers do not receive any compensation directly from a Client for the investment services/advice they provide unless permitted by a Client's Governing Documents. O'Connor, not Clients, compensates the affiliated sub-advisers for their advice rendered. O'Connor may also invest in commingled funds which, if managed by unaffiliated managers, may charge management and/or performance fees and other expenses which can be passed on to Clients subject to their applicable Governing Documents.

### ***Fee negotiation***

Management fees and performance-based fees may be reduced, waived or calculated differently for different Clients of O'Connor.

### ***Most Favored Nations clauses***

O'Connor 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 O'Connor 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, O'Connor does not deduct fees from client accounts, but Clients may request that their fees be deducted from their account with board approval.

Management fees and performance-based fees may be reduced, waived or calculated differently for different Clients of O'Connor, and are separate, distinct and in addition to other expenses that may be charged to Clients and disclosed in their applicable Governing Documents.

O'Connor may bill fees based upon the market value of a Client's account as computed by the Client's fund administrator or as shown on our internal portfolio accounting system and may deduct fees from Client accounts after receipt of approval from the fund board. We reconcile our internal system to the Client's fund administrator records at least monthly when billing is based on our system. To the extent there are differences between the market value shown on the fund administrator records versus on our records, material discrepancies will be addressed but immaterial discrepancies will not.



## 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.*

O'Connor may receive a performance-based fee, based on a percentage of profits earned within the applicable determination period as set forth in the respective Governing Documents. The term "profits" refers to an increase in the value of the net asset value of an account during the calculation period which is attributable to the net realized and unrealized gains arising from the account's investment activities. Any performance-based fees or allocations are structured in accordance with the provisions under the Investment Advisers Act of 1940, as amended ("Advisers Act"). Such performance-based compensation is calculated and paid either quarterly or annually, as disclosed in the respective Governing Documents, and is typically subject to a "high water mark," such that a performance-based fee or allocation may only be paid after recoupment of all prior investment losses.

Clients should be aware generally that performance-based fee arrangements may create an incentive to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Investment decisions are typically made at the business unit level (described more fully in *Item 12* below), and in many cases the same investment opportunity is allocated to multiple Clients. Performance-based fees may create an incentive to favor accounts with higher performance fees over accounts with lower performance fees in the allocation of investment opportunities. O'Connor seeks to resolve these potential conflicts of interest by implementing appropriate conflict mitigation processes.

In addition, since the performance compensation may be calculated on a basis that includes unrealized appreciation of a Client's net asset value, such compensation may be greater than if it were based solely on realized gains.

Any performance-based fees and allocations may be reduced, waived, or modified for different Clients of O'Connor, 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.*

### ***General introduction***

O'Connor primarily provides investment advisory services to various types of pooled investment vehicles and institutional SMAs. Clients are required to enter into an investment advisory or investment management agreement prior to the establishment of an advisory relationship.

### *ERISA Clients*

O'Connor may provide discretionary investment management services to Clients that are employee benefit plans covered by applicable regulations and opinions of ERISA. In such instances for ERISA plan Clients, O'Connor is typically a "covered service provider" to the plan for purposes of ERISA Section 408(b)(2). We provide services to ERISA plans both as a registered investment adviser under the Advisers Act and as a fiduciary under Section 3(21) of ERISA.

In providing such services, we may rely on Prohibited Transaction Exemption 84-14 (the "QPAM exemption"). To the extent that O'Connor relies on the QPAM exemption, we must also comply with an individual Prohibited Transaction Exemption (PTE 2020-01) issued by the Department of Labor ("DOL"), requiring O'Connor 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 PTE 2020-01.

### ***Conditions for managing accounts***

O'Connor generally requires minimum account investments, although this may be waived under certain circumstances.

For certain types of investment strategies or pooled vehicles offered or managed by O'Connor, U.S. Clients (and U.S. investors in certain of those pooled vehicles) must generally satisfy certain investor sophistication requirements, including that the Client is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"); a "qualified purchaser" within the meaning of section 2(a)(51) of the Investment Company Act; a "qualified institutional buyer" as defined in Rule 144A under the Securities Act; and/or a "qualified eligible person" as defined in Rule 4.7 of the Commodity Exchange Act.

### ***Legal proceedings—class actions and other matters***

For SMAs, O'Connor 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. O'Connor 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. O'Connor 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***

O'Connor will not advise or act for the Client on tax matters. We encourage Clients to seek independent professional tax advice on any taxation matters. O'Connor 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 with the Firm.*

### ***Methods of analysis***

Investment objectives, strategies and risks are described within each Client's respective Governing Documents; however, O'Connor generally uses a combination of fundamental and/or quantitative analysis when formulating its investment advice or managing Client assets. Despite the forgoing, nothing limits O'Connor from utilizing other methods of analysis as it sees fit. For example, O'Connor may also take environmental, social and governance ("ESG") considerations into account when making investment decisions through the use of an ESG Dashboard that combines multiple ESG data sources in order to identify companies with material ESG risks.

### *Fundamental*

O'Connor will attempt to measure the intrinsic value of a company by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced or overpriced. This type of analysis is conducted primarily from a bottom-up view. This bottom-up analysis typically involves continually monitoring companies looking for change or fundamental trends. Views are also taken as a result of various macroeconomic factors such including, without limitation: yield curve, credit spreads, consumer and commercial credit trends, security issuance and fund flows. Typically, target prices are maintained, which are driven by O'Connor's view of the relative fundamental valuation metrics that each company should trade at given the quality of management, company positioning in the marketplace, the effect of changes in the macroeconomic or regulatory environment on the company or the sector to which it belongs. While O'Connor will also look to identify markets and sectors that may be benefitted or harmed by the current macroeconomic environment, generally, we do not attempt to use fundamental analysis to anticipate market movements. This type of analysis presents a potential risk, as the price of a security can move up or down along with the overall market, regardless of the economic and financial factors considered in evaluating such security.

### *Quantitative*

O'Connor attempts to analyze a variety of factors to make long and short investments designed to capture systemic price anomalies. These factors include, but are not limited to: technical, valuation, profitability and macroeconomic indicators such as measures of price appreciation; and dividend payments, forward earnings forecasts and long-term interest rates. O'Connor uses various sources of information, including, but not limited to; financial newspapers and magazines, inspections of corporate activities, sell-side research materials, buy-side research materials, corporate rating services, timing services, annual reports, prospectuses and other filings with the SEC, company press releases, industry publications, industry conferences, and industry consultants.

### ***Investment strategies***

O'Connor employs a number of investment strategies in connection with its investment management services. Clients should carefully read the relevant Governing Documents for specific information applicable to that particular account and to ensure that the investment is appropriate considering, among other things, their own investment objectives, risk tolerance, and time horizons. When managing Client assets, O'Connor will generally use one or more of the following strategies.

### *Long/short equity*

The long/short equity strategy seeks to generate strong risk adjusted returns by trading in stocks, derivatives, indices (through futures and options) and other securities of companies. The investment strategy may take directional views and therefore has a net long or short exposure in the covered regions, sectors and sub-sectors. Investment decisions are primarily based on fundamental comparisons. Such "bottom-up" analysis is combined with a "top-down" view of opportunities across the various sectors. We believe that the combination of bottom-up and top-down analysis will allow us to identify the most attractive long and short opportunities both across and within sectors and geographies.

### *Convertible arbitrage*

O'Connor employs a screening process to identify areas of inefficiency in the global convertibles market through its proprietary and third party valuation and hedging models, which include convertible bond, option, and bond and swap pricing models. O'Connor expects to purchase or sell convertible bonds, convertible preferred stock, warrants or options that we determine are inexpensive or expensive relative to their component parts, including, but not limited to, underlying equity securities. These typically are hedged by buying or selling the underlying securities or derivative instruments in accordance with model and experience driven ratios. O'Connor seeks to profit from these positions through receipt of coupon interest or net dividend payments, rebates on short transactions with the issuer and changes in the relative market value of the instruments. Convertible arbitrage positions may be held for a significant period of time to realize the expected profit, and at times may be susceptible to liquidity gaps. O'Connor attempts to minimize the negative impact of price movements in the underlying securities with a general goal of being equity and rate neutral. The investment management process involves identifying and exploiting situations where the opportunity for convergence between theoretical value and the market price exists. The general investment process includes: (1) researching prospective securities and the issuing companies; (2) selecting convertible securities that offer what we believe to be superior potential returns relative to their underlying securities; and (3) determining how best to hedge some of the risks associated with these investments.

### *Merger arbitrage*

Generally, in merger arbitrage, the goal is to lock in or otherwise trade in the spread by purchasing or selling securities of the target or subject of an announced merger, acquisition or contest for control, and shorting or buying the deal consideration. The consideration to be received by shareholders of the target company upon completion of a transaction is typically greater than the market price of the target company throughout the period prior to a deal closing. This price differential reflects the discount the market has assigned to the deal consideration given the time value of money and the uncertainty as to whether the transaction will ultimately be completed. In order to capture the spread, generally, O'Connor purchases shares of the target which, as a result of the merger agreement or other event, have effectively become a proxy for the receipt of the deal consideration upon the completion of the transaction. In certain instances, we may invest in other instruments, including bank debt, bonds, CDS and equity swaps. Deal consideration can come in the form of cash, shares of the bidder, or a combination of both. In transactions where all or a portion of the deal consideration includes the shares of the bidder, a short position is often established in these shares. In transactions where all of the deal consideration is cash, generally a long position is taken in shares of the target. By establishing a short position, we seek to protect from reductions in the deal consideration resulting from fluctuations in the shares of the bidder. Spreads will be purchased when O'Connor determines that the market has overestimated the risks inherent in a deal resulting in an excessively wide spread.

O'Connor employs a research-driven approach to its merger arbitrage activities. In each situation, we evaluate the profit potential and potential obstacles to a successful conclusion of the deal. This analysis is performed by considering various legal, tax and regulatory factors which will ultimately affect the transaction. In addition, a fundamental analysis of the parties to the transaction will be performed by drawing upon various resources, typically including prior company releases and filings, as well as industry and company-specific reports published by the various major brokerage firms. The analysis with respect to each existing and potential merger arbitrage position will be regularly scrutinized through continued monitoring of the regulatory process, company fundamentals and general movements in the capital markets. O'Connor expects that such ongoing analysis will enable it to identify opportunities where

taking profits or attempting to minimize losses by liquidating certain long positions, or covering short positions, is appropriate. O'Connor expects to use both stock and options in both equities and indices to minimize deal-specific and market risk where and when possible.

### *Capital Structure Arbitrage*

The Capital Structure Arbitrage strategy seeks to generate absolute returns by investing in corporate assets across a company's capital structure. We currently focus on North American and western European corporate entities in respect of this strategy. We believe that price inefficiencies (i.e. that the inherent value of securities are not reflected in their price) are created by market structures where investors tend to focus on only one component of a corporate capital structure generally debt or equity. We seek to exploit these price inefficiencies (namely an imbalance between the price of a company's debt and its equity), typically by taking a long position in one component of a company's capital structure and a corresponding short position in another component, in order that when the prices ultimately correct, the strategy will profit. O'Connor thereby takes a view on not only the value of the corporate entity itself, but also on how that value is allocated to specific securities of that company. The Capital Structure Arbitrage strategy seeks to identify situations with near-to-intermediate term catalysts, which will cause the inherent value of the identified securities to be realized. These catalysts may be corporate actions, including merger and acquisition activity, spin outs and split offs, special dividends and/or changes in corporate strategy or management. Catalysts may also be economic or market forces such as financial stress, litigation, or business cycles applied to companies with high operating leverage.

O'Connor employs a fundamental research driven approach to valuing the individual capital structure components through an analysis focused on four variables: (i) asset value; (ii) asset volatility; (iii) liquidity; and (iv) rights of the security holder. This fundamental research will include industry level research and analysis of public filings of the corporation, including financial statements and creditor agreements, as well as applying quantitative modelling to value individual securities. Only those situations which we believe present attractive risk-reward trade-offs (i.e. that the potential for profit is determined to outweigh the risk of loss) on a stand-alone basis are eligible for investment in this strategy. We will seek to hedge broader market risk, interest rate risk and FX risk to the extent they would otherwise arise in the Capital Structure Arbitrage strategy investments.

### *Special Purpose Acquisition Companies ("SPACs")*

O'Connor employs a research-driven approach to its SPAC strategy. Prior to acquiring shares in a SPAC, O'Connor evaluates the SPAC sponsor and the terms and conditions of the SPAC. O'Connor evaluates the profit potential and analyzes the fundamental and regulatory factors which will ultimately affect a successful acquisition by a SPAC. The fundamental analysis of the parties to the acquisition will be performed by drawing upon various resources, typically including prior company releases and filings, as well as industry and company-specific reports published by the various major brokerage firms. The analysis with respect to each existing and potential SPAC position will be regularly scrutinized through continued monitoring of the regulatory process, company fundamentals and general movements in the capital markets.

### *Credit*

O'Connor generally expects to employ fundamental and technical based credit opportunity trading strategies utilizing long and short risk. We will consider, among other factors, macro views on the global credit markets to identify which debt securities and credit instruments contain what we believe to be the most attractive risk-adjusted investment opportunities. Generally, we will use fundamental "bottom up" analysis to determine the credit profile and relative value of selected credit instruments. In addition to fundamental factors, O'Connor will also rely on certain technical factors (e.g., market liquidity) to determine the weighting of portfolio positions. O'Connor may express its credit views by taking long risk, short risk and other positions on a company's capital structure to seek to exploit perceived mis-pricings based on company specific valuation matrices, which examine several metrics such as enterprise value, debt-to-equity ratios, return on equity and asset coverage. At times, we may seek protection through short exposure in major credit and equity indices as well as cash and derivative

instruments; however, O'Connor does not seek to maintain market neutrality within this portfolio. The investment goal is to generate alpha through position selection regardless of market direction. At times, the credit trading strategies may also be opportunistic to take advantage of what we believe to be short term market opportunities and dislocation, as well as other catalyst-driven arbitrage opportunities.

### *Capital Solutions*

As part of O'Connor's credit strategy, we may make customized secured loans and other types of loans that are structured to meet the individual needs of each borrower while seeking to control O'Connor's risks. Through this sub-strategy, O'Connor seeks to provide equity-like returns while benefitting from structural protections of debt and low correlation to the market through customized secured loans; other types of loans; structured transactions; preferred equity and other equity and credit instruments. We will focus these investments on tactical situations (including event-driven, storied credits; pre-initial public offering loans; holding company loans; hybrid loans; transitional lending; investments in various asset classes; CLO tranches; and loans to distressed companies); high-yield, asset backed securities (including mezzanine tranches, whole business securitization loans and collateralized loan obligations); contract monetization (including project finance, hard asset lease finance and credit tenant lease financing); and middle market loans (including direct lending, business development company finance, small business investment company finance and broadly syndicated loans). We may also seed specific business lines within these asset classes. O'Connor may enter into other types of structured transactions in order to implement these capital solutions investments.

We will conduct due diligence and risk analysis prior to investing. Such due diligence measures include meetings with owners, financial due diligence, legal review of key operating documents and obtaining third-party expert reports. To analyze risk, O'Connor will conduct downside, bankruptcy and tax analysis and will consider efficient exit options for each investment. O'Connor will also conduct a periodic credit review of its investment portfolio and may restructure investments as necessary. In certain cases, we will hold investments for their full term. In other cases, however, we may sell all or part of an investment prior to maturity, seeking to capitalize on advantageous market conditions.

### *China Long/Short Equity*

The China long/short equity strategy seeks to generate capital appreciation by investing long and short in the equity of, or equity derivatives or equity index derivatives referenced to companies domiciled in the People's Republic of China (the "PRC" or "China") and listed in the PRC, Hong Kong, Taiwan or the United States. The China long/short equity strategy will utilize a combination of equity hedge strategies as well as relative value. Equity hedge strategies will invest in publicly traded equities using fundamental research to generate alpha from stock picking. Portfolio construction is based primarily on fundamental bottom-up research combined with a top-down macro analysis. Relative value covers non-directional strategies that use arbitrage to exploit valuation discrepancies and other opportunities between different stocks in the same sector or those listed in different countries.

O'Connor may implement the China long/short equity strategy by investing in China A-shares that are listed or traded on markets in the PRC. The strategy may invest in China A-shares directly through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect securities trading and clearing programs ("Stock Connect") and, subject to O'Connor or an affiliate receiving the required registration, through the Qualified Foreign Institutional Investor regime ("QFII") or Renminbi Qualified Institutional Investor regime ("RQFII"), or indirectly by acquiring participatory notes, swaps and other similar securities and instruments ("Access Products") issued by institutions permitted to invest in the China A-share markets. We may also implement the China long/short equity strategy through investment in securities that are listed or traded on markets in Hong Kong, Taiwan or the United States and may, in the future, determine to expand the scope of the Fund's China-focused strategy to include investment in the PRC credit markets.

### *Working Capital*

This strategy seeks to achieve its investment objective primarily through investments in the finance of accounts receivables/accounts payables, negotiable bills of exchange, drafts and promissory notes, and

various other working capital finance, supply chain finance or trade finance assets (which may or may not be supported by irrevocable payment undertakings and/or corporate payment undertakings) (each a "Working Capital Asset" and together, the "Working Capital Assets") relating to the supply of goods and services (including, in some cases, relating to payment obligations with respect to software, royalties, inventories and other tangible and intangible assets) by a corporate supplier (each a "Supplier" and primarily corporates) to a corporate buyer of such goods and services (each, a "Buyer") (each, a "Working Capital Transaction" and together, the "Working Capital Transactions").

Working Capital Transactions come in many forms and utilize a broad range of structures. In addition, it is common in the trade finance marketplace for the same product to be referred to by several names, even, in many cases, between financial institutions operating in the same geographic market. Generally speaking, however, Working Capital Transactions may be grouped into two categories, Buyer-led Working Capital Transactions and Supplier-led Working Capital Transactions.

Buyer-led Working Capital Transactions (commonly known as payables finance, confirmed payables finance, reverse discounting and supply chain finance among other terms) are arranged by a single Buyer (or group of Buyers in the same corporate family) with the purpose of releasing working capital for either the Supplier or the Buyer from the Buyer's supply chain. This is commonly achieved by the Buyer engaging a finance provider to manage the payment of its accounts payable to its Suppliers and, where requested by a Supplier, providing finance to any such Supplier in respect to the relevant accounts payable/accounts receivable. The finance provider is willing to provide finance to the Suppliers because the Buyer typically provides the finance provider with certain confirmations and waivers in respect of its accounts payable. Such confirmations may or may not include an irrevocable payment undertaking or corporate payment undertaking. The finance provided to the Suppliers typically takes the form of discounting the accounts receivable on a without-recourse basis (and such discounting may or may not involve the purchase of the accounts receivable or any negotiable bills of exchange, drafts and promissory notes evidencing such accounts receivable).

Supplier-led Working Capital Transactions (commonly known as receivables discounting, invoice discounting, factoring, forfeiting and bill/draft purchasing among other terms) are arranged by a single Supplier (or group of Suppliers in the same corporate family) with the purpose of obtaining finance against its accounts receivable. The finance provided to the Supplier by the finance provider typically takes the form of discounting the accounts receivable (and such discounting typically involves the purchase of the accounts receivable or any negotiable bills of exchange, drafts and promissory notes evidencing such accounts receivable). The financing may be provided on a with-recourse or without-recourse basis, may or may not be disclosed to the Buyers, and may or may not involve the redirection of collections to the finance provider.

O'Connor invests in Working Capital Assets through various means including without limitation: (i) by purchasing such Working Capital Assets directly from an entity (each an Originator) that provides the related Working Capital Transaction to the Supplier or Buyer and who first originates or acquires such Working Capital Asset from the Supplier or Buyer, as applicable; (ii) by purchasing from an Originator a participation interest in such Working Capital Assets, where such participation may be constructed as a New York law participation (where we obtain certain property rights in the Working Capital Assets and is generally not exposed the insolvency risk of the Originator) or a debtor-creditor participation (where the Fund does not obtain any property rights in the Working Capital Assets but may have certain rights to "elevate" its position and obtain property rights in the Working Capital Assets if the party to which we have recourse or the Originator defaults); (iii) by being declared by an Originator as the beneficiary of a trust in respect of such Working Capital Assets; (iv) by purchasing one or more zero coupon global notes (Notes) issued by one or more special purpose vehicles who have originated (in which case, such special purpose vehicle would be an Originator) or otherwise acquired from another Originator such Working Capital Assets; (v) by investing via swap or synthetic transfer and other possible forms; and (vi) by investing in investment funds which have acquired an interest in such Working Capital Assets.

We may also enter into master assignment agreements with various counterparties in order to gain exposure to Working Capital Assets.

Where we invest in investment funds, these may be either regulated or unregulated, and will typically provide exposure to Working Capital Assets. In certain cases, the Fund will invest in Working Capital Assets originated in connection with one or more third party electronic platforms commonly utilized by Suppliers, Buyers or Originators to support Working Capital Transactions (each, a "Platform"). A Platform may itself be an Originator or it may only be engaged to provide services to an Originator.

#### *Opportunistic*

This strategy is, among other things, used as a tool to implement, in O'Connor's discretion, a hedge against unwanted exposures that exist at the aggregate portfolio level on the overall portfolio, as well as seeking to capitalize, from time to time, on opportunities that arise in the markets. Opportunities that may be included in this strategy include the origination of and participation in customized secured loans. The nature of these investments is opportunistic and may employ a wide variety of trades and security types.

With respect to overlay trades, O'Connor, in its discretion, may place market hedges with either long or short exposure if the rest of O'Connor's sub-strategies within the portfolio in aggregate produce unintended market exposures. We may make tactical investments which seek to take advantage of investment opportunities not generally available to other market participants. Such investments may be expressed in a variety of ways and include, but are not limited to, direct investments in private companies, or investments with/in third-party managers that follow unique or specialized investment strategies, such as private equity type investments. O'Connor will evaluate each of these opportunities and will only make investments when we believe the benefits associated with the given opportunities are in line with the Client's overall investment objective.

**The descriptions set forth in this Firm Brochure of services offered as well as strategies or securities used by O'Connor on behalf of its Clients and should not be understood to limit or constrain O'Connor's investment activities. O'Connor remains free to offer any advisory services, engage in any investment strategy and make any investment, including anything not described in this Firm Brochure that we consider appropriate, subject to the objectives and guidelines of each Client and relevant regulatory restraints. The investment strategies O'Connor pursues are speculative and entail substantial risk.**

#### *Material risks*

Clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment, which Clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a Client's investments will fluctuate due to market conditions and other factors.

Below is a summary of certain risks that may be associated with our strategies. This list of risk factors is not a complete enumeration or explanation of the risks involved in a strategy, as the particular risks applicable to a Client account will depend on the nature of the account, its investment strategy or strategies and the types of securities or other investments held. While O'Connor seeks to manage accounts so that risks are appropriate to the strategy or objective, it is often not possible or desirable to fully mitigate risks. Prospective Clients should read this entire Firm Brochure, as well as their respective Governing Documents, and consult with their own legal, financial, and tax advisors before deciding whether to invest. If a conflict exists between this Firm Brochure and any Governing Document, then the respective Governing Document will prevail.

**Management risk:** The risk that the investment strategies, techniques and risk analyses employed by O'Connor may not produce the desired results. O'Connor's judgments about the fundamental value of securities or other factors that determine the attractiveness of investments acquired for a portfolio may prove to be incorrect. In addition, O'Connor's judgments about asset allocations, exposure to foreign currencies, credits, rates and other macro-economic factors may prove to be incorrect. In some cases, investments may be unavailable or the Firm may choose not to use them under market conditions



when their use, in hindsight, may be determined to have been beneficial.

*Risk of loss:* Investing in securities involves risk of loss that Clients should be prepared to bear. The investment decisions that O'Connor makes for a Client are subject to various market, currency, economic, political and business risks, and our investment decisions based on such factors will not always be profitable.

*No guarantee of investment objectives:* O'Connor does not guarantee or warranty that a Client's account will achieve its investment objectives, performance expectations, risk and/or return targets.

*No government guarantee:* An investment in an account managed by O'Connor is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

*Personnel risk:* O'Connor generally utilizes a team approach to managing investment portfolios. However, certain strategies may be dependent upon the expertise of certain key personnel, and any future unavailability of their services could have an adverse impact on the performance of Clients invested in such strategies.

*Diversification and liquidity risk:* Unless otherwise agreed upon by a Client and O'Connor, we will not be responsible for the Client's overall diversification, asset allocation or liquidity needs. In addition, certain of our strategies may be non-diversified and hold a low number of investments.

*Tax risk:* Clients should consult their tax advisors regarding the tax consequences of their investments. O'Connor is not a tax advisor. Although certain of its investment strategies may consider the potential tax implications of investment decision, such implications are not generally the primary factors affecting investment decisions.

*Risks of real estate investments:* The value and marketability of real estate investments are subject to many factors beyond the control of O'Connor, including adverse changes in economic conditions, adverse local market conditions and risks associated with the acquisition, financing, ownership, operation and disposal of real estate. Real estate investment valuations are subjective analyses of the fair market value estimation of an asset. Similarly, certain liabilities may be valued on the basis of estimated value. Accordingly, there can be no assurance that the values of real estate investments held by a real estate fund will be accurate on any given date, nor can there be any assurance that the sale of any property would be at a price equivalent to the last estimated value of such property.

*Regulatory Risk:* Following the 2008 financial crisis, many jurisdictions passed legislation and issued or proposed regulatory rules broadly affecting the financial services industry and markets. In the U.S., the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), which includes the Volcker Rule, implemented extensive changes in the regulation of over-the-counter derivatives, regulatory capital requirements, bank proprietary trading and covered fund activities and compliance with consumer financial laws, among others. In the European Union, the Markets in Financial Instruments Directive II ("MiFID II") included a number of significant changes to the financial markets in the EU, including changes to the regulation of financial instruments and the venues in which they are traded. These rules, among many others changing tax and other regulatory matters, affect the financial services industry and markets in ways that are difficult to assess. The rules and the differences in them among various jurisdictions may make it more costly and time consuming to effect investment transactions in various markets around the world. The broader impacts of the sweeping regulatory reform on markets generally and pricing and liquidity of financial instruments are unknown. These changes may adversely affect the value of Client investments, the opportunities to pursue Client investment strategies and objectives, and may negatively impact the performance of Client accounts.

The Volcker Rule restricts the ability of the investment manager to a pooled investment fund meeting the definition of a "covered fund," and prevents the investment manager from engaging in certain types of transactions on behalf of the covered fund with its affiliates. The types of transactions generally restricted are those involving credit risk between the fund and the affiliated counterparty.

These restrictions could adversely impact covered funds by preventing them from obtaining seed capital, loans or other commercial benefits from UBS. Additionally, O'Connor, as a member of UBS AM, is currently operating under individual Prohibited Transaction Exemptions, as set forth under ERISA. There is risk that the DOL could choose to modify or impose additional constraints or revoke them entirely. In any of these cases, O'Connor's ability to provide investment management services to accounts subject to ERISA would be negatively affected.

*Models - Risk of Programming and Modeling Errors:* O'Connor's research and modeling process is extremely complex and involves financial, economic, econometric and statistical theories. Although O'Connor seeks to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished model may contain an error; one or more of such errors could adversely affect a Client's portfolio. If a model or a portion of the model proves to be incorrect or incomplete, any decisions made in reliance thereon expose a Client's portfolio to potential risks of loss.

In addition, some of the models used by O'Connor are predictive in nature. The use of predictive models has inherent risks. Because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data. All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, "model prices" will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative securities.

*Risk of equity instruments:* Risks associated with investing in equity securities include: (1) the stock markets where a portfolio's investments are traded may go down; (2) an adverse event, such as negative press reports about a company in the portfolio, may depress the value of the company's stock; or (3) small to mid-capitalization companies may have less diversified product or service offerings and less liquidity in the markets which increases their volatility, among other things.

*Risk of fixed income investments:* Risk associated with investing in fixed income securities include: (1) *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; (2) *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 particularly in declining markets; (3) *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; (4) *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; (5) *counterparty risk:* The risk that the counterparty to the transaction will default on its obligations; and (6) *municipal securities risk:* State and local government securities may be more susceptible to credit risk as a result of economic stress. Factors contributing to the economic stress on state and local government securities may include: lower tax collections as a result of lower home values; lower sales tax revenue as a result of reduced consumer spending; lower income tax revenue as result of higher unemployment rates; and budgetary constraints of local, state and federal governments upon which the tax-free issuers may be relying for funding.

*Foreign country and emerging market risks:* Risk associated with investing in foreign and emerging markets include: (1) 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; (2) 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; (3) political and social instability, war and civil unrest; (4) 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; (5) 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; and (6) impositions of sanctions by governmental or supranational authorities on companies in which we have positions that may hamper or prevent the trading of securities in such companies. The risks described above are more severe for emerging markets than for non-U.S. developed markets.

*Smaller company size risk:* The securities of smaller companies are often more difficult to value or dispose of, more difficult to obtain information about, and more volatile than stocks of larger, more established companies. In addition, the markets for investments in smaller capitalized companies may not be actively traded, which increases the risk that O'Connor may have difficulty selling securities for an account.

*Asset-backed and mortgage-backed securities risks:* Certain strategies may invest in securitized debt, including asset-backed securities ("ABS") and/or mortgage-backed securities ("MBS"). The investment characteristics of MBS and ABS may differ from traditional debt securities in that interest and principal payments are made more frequently, principal may be prepaid at any time and a number of state and federal law govern and may limit right to the underlying collateral.

*Derivatives risks:* The value of "derivatives"—so called because their value "derives" from the value of an underlying asset, reference rate or index—may rise or fall more rapidly than other investments. The primary risks of loss associated with derivatives include: (1) *market risk* – the risk that the market value of an investment will fluctuate, sometimes rapidly or unpredictably, as the stock and bond markets fluctuate. Market risk may affect a single issuer, industry or sector of the economy, or it may affect the market as a whole. Moreover, changing market, economic, political and social conditions in one country or geographic region could adversely impact market, economic, political and social conditions in other countries or regions; (2) *credit risk* – the risk that the counterparty to the transaction will default on its obligations 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 may be more difficult to value, particularly in declining markets; (3) *liquidity risk* – the risk that the instrument will not be readily marketable. Liquidity risk may be magnified in a rising interest rate environment, causing increased supply in the market due to selling activity. Liquidity risk includes the risk that the Firm will experience significant net redemptions at a time when we cannot find willing buyers for its portfolio securities or can only sell its portfolio securities as a material loss; and (4) *valuation risk* – the risk that the instrument may have only one pricing source. Ultimate realization of the market value of an asset depends to a great extent on economic and other conditions.

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. These derivatives risks are different from, and may be greater than, the risks associated with investing directly in securities and other instruments.

*Leverage risk:* Derivatives that involve leverage can result in losses to the Client's portfolio that exceeds 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.

*Initial Public Offerings ("IPOs") risks:* The purchase of shares sold in IPOs may expose a portfolio to the risks associated with issuers that have no operating history as public companies, as well as to the risks associated with the sectors of the market in which the issuer operates. The market for IPO shares may be volatile, and share prices of newly-public companies may fluctuate significantly over a short period of time.

*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. Moreover, 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:* Private placements are not subject to some of the laws and regulations that are designed to protect investors, such as the comprehensive disclosure requirements that apply to registered offerings; therefore, they may be more risky than publicly traded securities.

*Illiquid securities:* Illiquid securities involve the risk that investments may not be readily sold at the desired time or price. Securities that are illiquid, that are not publicly traded and/or for which no market is currently available may be difficult to purchase or sell, which may impact the price or timing of a transaction. An inability to sell securities can adversely affect an account's value or prevent an account from taking advantage of other investment opportunities. Lack of liquidity may cause the value of investments to decline and illiquid investments may also be difficult to value. Investments that are illiquid or that trade in lower volumes may be more difficult to value.

*Investments in pooled investment funds:* In lieu of direct investment, certain strategies may invest in one or more pooled investment funds managed by O'Connor or its affiliates ("affiliated funds") or by unaffiliated third party managers ("unaffiliated funds"), including, mutual funds, ETFs, collective investment funds, private funds, offshore funds, private equity funds, real estate funds, etc. A fund's investments will be made in accordance with the fund's offering documents and governing instruments. In addition, to the extent a strategy invests in a pooled investment fund, there may be additional risks discussed in the fund's offering documents or governing instruments which are not discussed in this Firm Brochure.

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

*Real Estate Investment Trusts ("REITs"):* An investment in REITs includes the possibility of a decline in the value of real estate, possible lack of available money for loans to purchase real estate, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, prolonged vacancies in rental properties, changes in zoning laws, casualty or condemnation losses, variations in rental income, changes in neighborhood values, the appeal of properties to tenants, costs of clean up and liability to third parties resulting from environmental problems, costs associated with damage from natural disasters not covered by insurance, increases in interest rates and changes to tax and regulatory requirements. Loss of status as a qualified REIT under the U.S. federal tax laws could also adversely affect the value of a particular REIT or the market for REITs as a whole.

*Risks Associated with Investments in Businesses and Loans to High Net Worth Individuals:* Operating results for privately held companies and the liquidity of high net worth individuals in a specified period will each be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*SPACs:* SPACs have a distinctive deal structure, and are therefore subject to many risks, including; liquidity risk, valuation risk, complex structure risk (warrants and shares) and management risk (the ability for management to identify acquisition targets).

*Cybersecurity:* O'Connor, like all companies, may be susceptible to operational and information security risks. Cybersecurity failures or breaches of O'Connor or its service providers or the issuers of securities in which we invest 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 O'Connor takes protective measures, we may be vulnerable to unauthorized access, computer viruses or other events that could impact security. O'Connor 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.

*Inflation:* Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets. Wage and price controls have been imposed at times in certain countries in an attempt to control inflation, which could significantly affect the operation of the issuers of securities or other investments in which the Fund invests. Governmental efforts to curb inflation often have negative effects on the level of economic activity. As such, inflation and rapid fluctuations in inflation rates may adversely affect the financial performance of the Fund.

*Risks of Natural Disasters, Terrorist Attacks and War:* The global economy is subject to risks relating to terrorist attacks or acts of war, including Russia's invasion of Ukraine in 2022, causing significant loss of life and property damage and disruptions in the markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. In addition, countries and regions in which the Fund invests, where the Investment Manager has offices or where the Fund or the Investment Manager otherwise does business are susceptible to natural disasters, fires, floods, earthquakes and hurricanes. The occurrence of a natural disaster could adversely affect and severely disrupt the business operations, economies and financial markets of many countries (even beyond the site of the natural disaster). Such events have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Ultimately, the potential impact of such events is unclear, but such events could have a material effect on general economic conditions, market liquidity or the operations of the Investment Manager or the Fund.

**Clients may be subject to material risks other than those described above based on the specifics of their investment. Additional risks pertaining to specific Clients are disclosed in the respective Governing Documents. Clients should carefully review the full description of risks presented in such documents.**

#### *Operating events/errors*

Human error, operational error or failure attributable to O'Connor ("Operating Events/Errors") occasionally may occur in connection with the management of funds and client accounts. O'Connor 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.

O'Connor 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.*

On June 3, 2013, O'Connor voluntarily agreed to settle an SEC inquiry relating to Rule 105 of Regulation M under the Securities Exchange Act of 1934 without admitting or denying the SEC's allegations. Rule 105 generally prohibits purchasing an equity security in a registered secondary offering if the purchaser sold short the same security during a restructured period (usually defined as five business days before the pricing of the offering). Rule 105's prohibition applies irrespective of any intent to violate the rule.

The issue at hand involved O'Connor's interpretation and application of the Separate Account Exemption allowed under the rule. O'Connor fully cooperated with the SEC at all times during its investigation, updated its policies and provided its employees with training on the new policy and, as part of the settlement, agreed to pay a civil money penalty of \$1,140,000, disgorgement of \$3,787,590 and prejudgment interest of \$369,766.

## 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 creates a material conflict of interests with Clients, and discuss how we address these conflicts.*

### ***Broker-Dealer registration***

Neither O'Connor 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, O'Connor is registered with the Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO") and is a member of the National Futures Association ("NFA"). Information on the registration status of specific investment funds are available upon request.

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

### ***Use of related persons – material relationships and arrangements***

As noted in *Item 4 Advisory Business*, O'Connor 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. O'Connor has arrangements that are material to its advisory business with UBS and certain of its affiliates, and may serve as investment adviser for certain accounts controlled by its affiliates. We may also; hedge, trade, liquidate or shadow book certain accounts or positions on behalf of affiliates.

We may also have arrangements to purchase certain investment advisory, brokerage and incidental services, corporate finance advisory services and foreign exchange services from some UBS affiliates. As applicable, O'Connor has information barriers or other controls in place to mitigate potential conflicts of interest when we engage in these types of activities.

A list of significant subsidiaries and associates of UBS is available in the UBS annual report, which is publicly available at [www.ubs.com](http://www.ubs.com).

- ***Affiliated Broker-Dealers, Municipal Securities Dealers and Government Securities Broker-Dealers:***  
The following affiliates of O'Connor are broker-dealers registered in the United States: UBS Securities LLC; UBS Financial Services Inc.; UBS Financial Services Incorporated of Puerto Rico; UBS Asset 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, O'Connor has numerous broker-dealer affiliates operating outside the United States. A complete list of affiliated broker-dealers is available to clients upon request.

O'Connor utilizes affiliated broker-dealers in the execution of its trades. Affiliates may earn substantial fees and receive other benefits when Clients transact with and use the services of these broker-dealers; however, O'Connor has no agreements with its affiliates that obligate it to direct



client transactions to such affiliates and we receive no compensation from our affiliates in connection with such transactions. All such transactions are effected in compliance with the Advisers Act and other applicable law, including our duty to seek best execution.

O'Connor engages in several types of trading with its affiliates, including:

- i. *agency trading*: where O'Connor 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. Clients should be aware that O'Connor (as part of UBS) will indirectly benefit from any commissions paid to an affiliated broker-dealer.
- ii. *agency cross transactions*: where O'Connor 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 affiliate receives a commission from each Client for acting in this capacity. Consent to agency cross transactions may be revoked by a Client at any time; and
- iii. *principal trades*: because of ownership percentages, certain Clients may be deemed to be controlled by related persons of O'Connor. Consequently, O'Connor may be acting "as principal for its own account" for purposes of Section 206(3) under the Advisers Act (the "Principal Transactions Rule") when we initiate "internal cross trades" (as discussed below), and will conduct such trading activity only in accordance with the Rule.

In certain instances, O'Connor may conduct an internal cross trade between two Clients, and we may arrange these transactions for a number of reasons, including monthly rebalancing of certain Client accounts within the same investment strategy or on an ad-hoc basis when one account may have a need to sell a security that another account may have an interest in purchasing. 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 O'Connor nor any of our affiliates will receive any compensation in connection with an internal cross trade. We will effect such transactions with any Client subject to ERISA only as permitted by Section 408(b)(19) of ERISA or other applicable prohibited transaction exemptions. In the case of crossing municipal securities, O'Connor will only effect internal cross trades in investment grade securities at the close of business, based upon a price determined by an independent pricing service to be reflective of current market conditions.

Additionally, O'Connor has distribution arrangements with both affiliated and non-affiliated entities in which we compensate these entities when clients of such entities invest in an O'Connor related account. The distribution arrangements may have varying levels of compensation and may present a conflict of interest to the referring entity in making recommendations to the investor. See *Item 14 Client Referrals and Other Compensation* for details about such arrangements.

In accordance with Section 11(a) of the Securities Exchange Act of 1934, as amended, and the rules thereunder, O'Connor's affiliates may effect transactions for our Client accounts on a national securities exchange of which an affiliate is an equity owner and/or a member and may retain compensation in connection with those transactions.

Additionally, O'Connor's affiliates have direct or indirect interests in electronic communication networks and alternative trading systems (collectively "ECNs"). O'Connor, in accordance with its fiduciary obligation to seek best execution, may execute client trades through ECNs in which its related persons have, or may acquire, an interest. A related person may receive compensation based upon its ownership percentage in relation to the transaction fees charged by the ECNs. O'Connor will execute through an ECN in which a related person has an interest only in situations where we reasonably believe such transactions will be in the best interests of our Clients and the

requirements of applicable law have been satisfied.

O'Connor may also execute securities and futures transactions with unaffiliated broker-dealers that do not have their own clearing facilities and who may clear such transactions through an affiliate of ours. In such cases, our affiliate will receive a clearing fee.

O'Connor may also utilize service providers that may be owned or affiliated with its Clients. As with its own affiliates, has controls in place to mitigate potential conflicts of interest when we engage in activities with these service providers.

- *Pooled Investment Vehicles:* O'Connor provides investment advisory services to certain pooled investment vehicles (the "Private Funds") exempt from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the offering or sale of interests is exempt from registration under the Securities Act of 1933, as amended (the "Securities Act")

Members of the private funds' management boards, including the members who are not employed by O'Connor, may also serve as members of the boards of directors of other investment funds advised by O'Connor and by other investment managers not affiliated with O'Connor, 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.

**DISCLAIMER: The information provided in this Firm Brochure is intended solely for complying with Form ADV disclosure requirements. This Firm Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. Nothing in this Firm Brochure shall limit or restrict the particular terms of any specific offering. Offers will be made only to qualified investors by means of respective Governing Documents providing information as to the specifics of the offering. No offer of any interest in any product will be made in any jurisdiction in which the offer, solicitation or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation or sale.**

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

O'Connor may manage assets for UBS AM, HFS, or RE and may engage them to manage assets on behalf of O'Connor's Clients. In such cases, affiliates of O'Connor may source investment opportunities for a particular O'Connor strategy. Certain Clients may compensate such affiliates for this sourcing. Although we anticipate that any compensation paid would be comparable to that of an arm's-length negotiation, O'Connor has an incentive to pay compensation to an affiliate out of a Client's assets at level greater than arm's-length negotiation. We also have an incentive to enter into investment opportunities sourced by an affiliate on a Client's behalf when we otherwise might choose not to pursue such opportunity. O'Connor will only enter into such investments when they align with the applicable Client investment objectives and meet best execution obligations.

UBS AM presents multi-asset class marketing materials to certain prospective Clients that may include materials for O'Connor, HFS, and RE in the same presentation. A presentation like this would contain both GIPS compliant and non-GIPS compliant materials.

- *Participating Affiliates:* O'Connor has entered into various types of agreements with both affiliated and unaffiliated entities which, as appropriate, include either sub-advisory or Participating Affiliate agreements. Clients do not pay fees in excess of those disclosed in the applicable Governing Documents as a result of these relationships.

UBS Asset Management division includes various Participating Affiliates operating outside the United States that provide investment management services. O'Connor may, in its discretion, delegate all or a portion of its advisory or other functions (including placing trades on behalf of clients) to any Participating Affiliate. The employees of such Participating Affiliates may provide

portfolio management, research, financial analysis, order placement, and other services to O'Connor's U.S. clients. Such employees will be acting as associated persons of O'Connor in providing such services under the direct supervision and oversight of O'Connor. O'Connor remains responsible for the advice and services provided and Clients will not pay additional investment advisory fees as a result of such advice and services being rendered by such associated persons, absent disclosure and express client consent. O'Connor has a "Global Services Agreement" in place with its Participating Affiliates, which is structured in accordance with a series of SEC no-action relief letters mandating that Participating Affiliates remain subject to the regulatory supervision of both O'Connor and the SEC in certain respects.

Under the terms of the Global Services Agreement signed by certain domestic and foreign entities within the UBS Asset Management division, we have agreed to provide such advice and assistance to each other as is reasonably necessary to permit the others in the division to render investment advice and related services to O'Connor Client accounts. Such advisory affiliates include, but are not limited to:

- UBS AG
- UBS Asset Management (Australia) Ltd.
- UBS Asset Management (Canada) Inc.
- 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.

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

- UBS Fund Management (Luxembourg) S.A.
- UBS Fund Management (Switzerland) AG
- UBS Fund Management (Ireland) Limited
- UBS Fund Services (Luxembourg) S.A.

In some cases, UBS and its subsidiaries around the world may buy, sell or hold securities that are held in accounts of O'Connor's Clients. UBS may have an interest or position, make a market or have an underwriting role in certain transactions. In these instances, such transactions may be effected through an unrelated party or an affiliated party as required by applicable law. O'Connor makes its investment decisions independently of UBS and its affiliates. O'Connor may, from time-to-time, purchase securities issued by an affiliate and/or parent company, such as UBS, for Clients where such a purchase is neither statutorily nor contractually prohibited.

- *Financial Planners:* Affiliates of O'Connor, including UBS AG and UBS Financial Services, may provide financial planning services to their clients.
- *Banking Institutions:* As stated, O'Connor 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 BHCA; and UBS Bank USA, a Utah industrial bank.

The Trust Company, an Illinois chartered non-depository trust company, is an affiliate of O'Connor,

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.
- *Recommending or selecting other investment advisers and sub-advisers*: O'Connor may recommend or select other investment advisers or sub-advisers for Clients; however we do not receive direct or indirect compensation from those advisers or sub-advisers.
- *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 O'Connor. Services currently include Finance, Risk Control, Compliance, Legal, Human Resources, Technology, and Operations.

Although O'Connor may have apparent conflicts of interest between certain Clients and its affiliates, we believe that we have adopted adequate policies and procedures to address such concerns, including appropriate disclosures, as well as our continuing duty to seek best execution.

## 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.*

### Code of ethics

O'Connor has adopted a Code of Ethics ("Code") designed to meet the requirements of Rule 204A-1 of the Advisers Act and which sets forth ethical standards of business conduct required from all employees, including compliance with any other applicable securities laws. The Code is intended, among other things, to ensure that personal investment 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 any potential or actual conflicts of interest that may present themselves between employees, officers and directors of O'Connor and O'Connor's Clients.

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

- O'Connor and its employees must at all times place the interest of its Clients ahead of their own;
- No principal or employee of our firm may buy or sell securities for his or her personal account portfolio(s) where their investment decision is a result of information received as a result of his or her employment unless the information is also available to the investing public; 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 employees to obtain written preclearance for all securities transactions. O'Connor views certain transactions as especially likely to create a conflict of interest with its Clients, and therefore prohibits employees from engaging in the following types of transactions: (i) naked short sales; or (ii) ETF/ETN short sales. Investments in IPOs and limited offerings are permitted, subject to preclearance. O'Connor also permits options trading under certain conditions and with preclearance.

Directors, officers and employees of O'Connor and our affiliates may, from time to time, have acquired or sold, or may subsequently acquire or sell, for their personal accounts, securities that may also be held, or have been purchased or sold, for the accounts of our clients. Our Code imposes certain "lockout" periods whereby certain employees may not be able to trade in a particular security if we are recommending a transaction in that security for Clients. These lockout periods are subject to certain exceptions upon approval by a compliance officer.

Employees also are subject to a 30-day holding period in their personal accounts, and are encouraged not to execute greater than 20 transactions in reportable securities<sup>1</sup> per calendar month 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.

All O'Connor 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

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<sup>1</sup> As defined in Rule 204A-1, all securities are treated as reportable, with exceptions for: (i) direct obligations of the U.S. Government; (ii) money market instruments, i.e. bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term instruments; (iii) shares of money market funds; (iv) transactions and holdings in other types of mutual funds, unless the adviser or affiliate act as the investment adviser or principal underwriter; and (v) transactions in units of a unit investment trust if the trust is invested exclusively in unaffiliated mutual funds.

required to: (i) disclose any covered personal accounts<sup>2</sup> within 10 days of becoming an employee of the Firm, including certain immediate family member<sup>3</sup> 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, O'Connor policies and any other federal securities laws, as applicable.

O'Connor has also established separate policies and procedures designed to detect other conflicts of interest and to prevent insider trading. All employees are provided with such policies and are required to complete comprehensive compliance training on at least an annual basis.

O'Connor will provide a copy of our Code of Ethics to any Client or prospective Client upon request. You may request a copy by email by contacting Chuck Mathys at 312-525-4114, or by sending an email to charles.mathys@ubs.com.

### ***Participation in client transactions***

As described in *Item 10* above, certain Clients of O'Connor engage in transactions with affiliates of O'Connor 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.

### ***Transactions with affiliates***

O'Connor may purchase or sell, or recommend for purchase or sale, securities of companies: (i) with respect to which our affiliates act as an investment banker or financial adviser; (ii) with which our affiliates have other confidential relationships; (iii) in which our affiliates maintain a position or make a market; or (iv) in which the affiliate or its officers, directors or employees own securities or otherwise have an interest if it determines such transactions to be in the best interest of its Clients. Except to the extent prohibited by law or regulation or by client instruction, O'Connor may recommend to our Clients, or purchase for our Clients, securities of issuers in which UBS has an interest. We may also invest in or recommend for purchase for our Clients securities issued by a company for whose pension plan we act as investment manager or otherwise with whom we have a Client relationship (i.e., ERISA clients).

To minimize potential conflicts of interests, O'Connor's 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, nonpublic information. In order to prevent the improper communication of such inside information, O'Connor 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.

O'Connor's 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, O'Connor 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 O'Connor through our Client relationships or other activities. This information will not knowingly be passed on to our Clients, or used for our or

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<sup>2</sup> 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.

<sup>3</sup> 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.

their benefit, or for any other purpose.

The highest priority of every investment professional at O'Connor is to pursue each Client's investment goals through independent analysis and portfolio management. At all times, our research, security selection and trade execution is performed strictly and solely in adherence to the investment principles established independently by O'Connor, and in full compliance with all applicable banking, securities and fiduciary laws and regulations. To the extent we cause transactions for Client accounts to be executed through affiliates (which will only be done in compliance with applicable law, as described above), O'Connor receives no additional remuneration with respect to such transactions. The compensation of our personnel is dependent solely on the results of our investment advisory business.

From time to time, O'Connor and our affiliates may engage in cross-marketing their services to Clients and prospects. As noted above, O'Connor and our affiliates have policies and procedures in place to prevent the improper flow of information to or from O'Connor as a result of such cross-marketing opportunities.

As a result of differences in client objectives, strategies and risk tolerances, O'Connor may give different advice or make different recommendations to different Clients that are authorized to invest in the same securities. In addition, our investment advice may differ from advice given by other business divisions within UBS, as our investment advisory business is structured as a separate and distinct business from our affiliates that conduct banking, investment banking, broker-dealer (other mutual fund distribution), wealth management, investment management or a variety of other financial services businesses.

Conflicts exist when O'Connor and/or our affiliates invest, on behalf of our Clients, in more than one part of the capital structure of the same issuer. O'Connor has a number of policies and internal controls designed to manage this potential conflict of interest. The underwritings section below further addresses one of these types of conflicts, where our affiliates may be engaged in the offering of a security which O'Connor may purchase on behalf of our Clients.

### *Underwritings*

In conformance with Clients' investment objectives and subject to compliance with applicable law, O'Connor may purchase securities for Client accounts during an underwriting or other offering of securities in which an affiliated broker-dealer acts as a manager, co-manager, underwriter or placement agent, or receives a benefit in the form of management, underwriting, or other fees paid to members of an underwriting syndicate. Affiliates of ours may act in other capacities in such offerings for which a fee, compensation, or other benefit will be received. From time to time, our affiliates will be current investors in, or lenders to, companies engaged in an offering of securities which we may purchase on behalf of Clients, and the proceeds of such purchases may be used to pay off or retire the interests of our affiliates. Such purchases may provide a direct or indirect benefit to our affiliates acting as a selling shareholder, through the return of capital or otherwise.

O'Connor may also participate in certain offerings of securities in which a related person may serve as trustee, depositor, originator, service agent or other service provider in which fees will be paid to such related person. Further, a related person may act as originator and/or servicing agent of loans or receivables for an offering in which we may invest Client assets. Participation in such offering may directly or indirectly relieve obligations of related persons. For Clients subject to ERISA, such investments will be made in accordance with the terms of applicable prohibited transaction exemptions.

## 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.*

### Best execution

O'Connor has a fiduciary duty to its Clients to seek best execution when effecting transactions in Client accounts. In executing, placing or transmitting orders for its Clients, O'Connor seeks to obtain best execution by taking all sufficient or reasonable steps, as applicable, to obtain the best possible results, and taking into consideration execution criteria, execution factors, execution venues, research, and where applicable, counterparty selection, in addition to any other relevant factors. In the course of executing Client transactions, when we believe it is in the best interest of our Clients, we may utilize the execution services of a counterparty (including a related person) rather than trading directly with a market maker for certain financial instruments. These approaches bear different costs that we take into consideration as part of our execution strategy in the best interest of our Clients.

O'Connor will seek to select broker-dealers (which may include its affiliates) and other trading counterparties after consideration of various factors including, without limitation, their financial stability, execution capabilities and trading expertise to execute and settle transactions for Client accounts. In determining which broker-dealer may provide best execution for a particular transaction or series of transactions, O'Connor considers the totality of the services that a broker-dealer can provide, including but not limited to: execution price; capability to execute difficult trades (possible market impact, size of the order and market liquidity); commitment of capital; opportunity for block transactions; access to IPOs and other new issues; research; confidentiality; clearance and settlement; responsiveness; access to markets; and/or financial stability. This means that a broker-dealer offering the most favorable commission or spread may not be selected to execute a particular transaction. We will seek to negotiate favorable commissions and spreads on all transactions.

We will determine the overall reasonableness of the brokerage commissions and other transaction costs on Client transactions by taking into account various factors, including, but not limited to, the following: current market conditions; size and timing of the order; depth of the market; per share price; difficulty of execution; the time taken to conclude the transaction; the extent of the broker-dealer's commitment, if any, of its own capital; and the amount involved in the transaction. To facilitate O'Connor's review and consideration of these factors, we utilize, among other things, internal surveys and various transaction cost analysis tools. In the course of executing Client transactions, when in the best interests of our Clients, we may utilize the execution services of a broker (including a related person) other than trading directly with the market-maker for certain financial instruments, including over-the-counter securities transactions. As a result, Clients may be charged a commission as well as an undisclosed mark-up or markdown on such transactions.

Investment management agreements with certain of our Clients authorize O'Connor to make use of "soft dollars benefits," as described below. In addition, by executing the subscription documents of a private fund managed by O'Connor, Clients agree that O'Connor has the authority to engage in such practices.



### *Soft dollar benefits*

While we select brokers primarily on the basis of their execution capabilities, O'Connor may cause a Client to pay a commission to brokers or dealers for effecting a transaction in excess of the amount another broker or dealer would have charged for effecting the same transaction in exchange for certain research and brokerage services.

Although the use of client brokerage commissions to obtain research or other products or services inherently benefits O'Connor, this approach is only used when we have determined in good faith that the commission is reasonable in relation to the value of the execution, brokerage and/or research services ("soft dollar benefits") provided by the broker. Inherent in this conflict of interest is the fact that, generally, the greater the amount of brokerage services directed to a particular broker, the greater amount of soft dollar credits that will be granted from such broker to O'Connor. Furthermore, as permitted, the cost of product and services purchased with soft dollars will be borne *pro rata* among Clients, and some products and services may be used to benefit Clients other than those whose trades generated the soft dollar credits paid to obtain such products and services. Also, some Clients may not contribute any commission dollars towards soft dollar services and may still benefit from soft dollar services.

Research provided to O'Connor by broker-dealers may be proprietary research created or developed by an affiliate or may be research created or developed by a third party. Such arrangements with broker-dealers may include executions through electronic trading systems.

O'Connor generally will obtain the following products/services that meet the definition of "research" under the Section 28(e) safe harbor of the Securities Exchange Act of 1934 (the "Exchange Act"), such as research reports (in various formats) on particular companies, industries, sectors, markets (general and specific) and geographic regions; economic surveys and analyses; recommendations as to specific securities; on-line quotations; news and research services; trade execution; portfolio and risk management systems/software (which may include fees charged by consultants to build and/or maintain such systems); and market data services, including alternative data services, pricing services and feeds. All of the foregoing provide assistance to O'Connor in the performance of its investment decision-making responsibilities on behalf of its Clients. The items listed above may be allocated to O'Connor by one or more of its affiliates based on the number of investment professionals we employ. These allocations are reviewed, but are not independently calculated by O'Connor. Therefore, it is possible that O'Connor will be allocated slightly more or less than its *pro rata* share of these allocated expenses.

Some products or services do not fall within the safe harbor of section 28(e) of the Exchange Act, in part because O'Connor can negotiate greater discounts from vendors by negotiating global agreements with its affiliates. In some instances, this would require the broker-dealers responsible for payment for the service utilized by O'Connor to send the payment directly to such affiliate that paid the global bill, which would also fall outside of the safe harbor of Section 28(e). When entering into a soft dollar arrangement with a broker-dealer, O'Connor will identify a level of business it expects to conduct with that broker-dealer based on our historic trading levels with that entity and with the assumption the broker or dealer will continue to provide Client transactions with best execution. The actual amount of business transaction volume is allocated on the basis of the multiple factors described above.

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

### *Aggregation and allocation of orders*

Internally, O'Connor uses the terms "business unit", "sub-business unit", or "strategy" which we view as a particular portfolio, theme, or investment strategy, (i.e. environmental focus, risk arbitrage, among others) which are managed by one or more portfolio managers. As described in Item 6 above, investment decisions are typically made at the business unit level and, in many cases, the same investment opportunity is allocated to multiple Clients based on their investment objectives as described in their respective Governing Documents. Clients should be aware that not all Clients receive exposure to all business units.

When a single business unit buys or sells a security, the order is generally aggregated and allocated on a *pro rata* basis to Clients that receive exposure to that business unit. O'Connor effects the transaction in a manner designed to reasonably ensure that no participating Client is favored over any other Client. Specifically, each Client that participates in an aggregated transaction will receive the average share price with respect to that trade. In some instances, this may adversely affect the size of the position or have a dilutive effect on the position held by a Client or the price paid or received by a Client, when compared with the position size or price that would have been received had no aggregation occurred. When multiple business units place orders in the same security on the same day, the two (or more) orders may, or may not be aggregated together. If a single business unit allocates to more than one Client, we use reasonable efforts to allocate investment opportunities (which includes any limited availability offerings) in a manner which we believe is fair and equitable over time, but there can be no assurance that any Client will participate in any particular investment opportunity on an equal basis with any other Client. Generally, exceptions to allocations effected across Client accounts in a manner other than *pro rata* are subject to review by O'Connor's Compliance department, and all trades are subject to our best execution obligations.

We accomplish allocation goals through several types of trading, including, among others, cross trades and program trades. Certain business units may take more time to achieve their allocation goals than others and may cause allocations that are out of alignment from the agreed upon capital allocations. This may occur for prolonged periods of time. O'Connor may cause certain Clients to participate in the same investments in a different manner than others for various reasons, such as investment objectives, or regulatory or other operational constraints, including differing liquidity offered to investors of Clients. O'Connor seeks to avoid *de minimis* allocations among its Clients, (based on the sole discretion of the portfolio manager), resulting in a compounding effect (i.e. out of alignment) in certain business units over time. When considering which Client may receive an investment allocation, O'Connor may consider: contractual provisions; tax regimes and implications; investment objectives and strategies; current holdings; risk limits; margin, leverage or financing requirements or constraints; the effects of odd lots or small trade sizes; the nature of certain securities markets (i.e. credit, convertibles); our ability to efficiently allocate trades among Clients; periodic capital flows; whether an account is in startup or wind down; subscriptions or redemptions; as well as any other quantifiable or non-quantifiable factor. Additionally, some Clients are subject to legal or regulatory restrictions that other Clients are not; which will have an impact on the manner in which some securities are allocated.

We may use various allocation methodologies and practices for different instruments or markets and our practices may change over time.

For U.S. equities, O'Connor will generally allocate IPOs among Clients based on the relative eligible capital within each legal vehicle and in a fair and equitable manner. IPOs for SPACs will be allocated based upon the capital allocated to the SPAC strategy across Clients. International IPOs will be allocated among eligible Clients *pro rata*, based on the capital of the respective Client. In some cases, a "discount factor" may be applied to a Client's capital weighting. When determining if a Client is eligible for an IPO, O'Connor may take into consideration such factors as regulatory restrictions, investment objectives, time horizons, investment strategies, current portfolio holdings and weightings, tax regimes, working capital, risk levels, trading volume attributable to each strategy with the broker from which the IPO opportunity arises and any other factor that O'Connor deems in the best interest of a Client. To the extent shares available in an IPO are not sufficient to allocate on a *pro rata* basis in a manner that would be meaningful for a Client, the shares may be allocated in another manner determined in good faith to be a fair allocation. Due to client objectives, regulatory restrictions, or other reasons, certain Clients, or

share classes of a particular Client may not be eligible to participate in IPOs.

When allocating IPOs and secondary offerings outside of the U.S. or secondary offerings in the U.S., O'Connor will primarily allocate to business units dedicated to purchasing and selling such offerings. These business units will generally allocate to Client(s) who have exposure to the business unit on a capital weighted basis. Certain Clients may not receive allocations from these business units due to regulatory restrictions, Client objectives or other reasons. Other business units may participate in these offerings if portfolio managers or analysts deem it to be appropriate and the security meets the objectives of the respective business unit. When additional business unit portfolio managers request to participate in these offerings, the portfolio manager of the relevant capital markets business unit will have the primary responsibility and discretion to allocate such securities between the various business units. The portfolio manager may take into consideration various factors such as the overall capital allocated to each business unit, whether the business unit currently has exposure to the issuer's security or has invested in the issuer's securities in the past, the portfolio manager's appetite to hold such securities, as well as other factors. After the securities are allocated among business units, they are generally allocated to each Client based on their allocation to a business unit.

On at least a monthly basis, O'Connor, through a robust process, allocates capital among business units, and may change capital weightings and/or leverage employed among its business units. Usually, this is done based on our sole opinion as to the future prospects of certain business units.

#### *Trade errors*

Although O'Connor employees exercise due care in making and implementing investment decisions, O'Connor may, from time to time, make errors with respect to trades made on behalf its Clients. A non-exhaustive list of examples may include: (1) the placement of orders (either purchases or sales) in excess of or less than the intended amount; (2) the sale/purchase of the a security where the intent was to purchase/sell; (3) the purchase or sale of the wrong security; (4) keystroke errors when entering electronic transactions; and (5) miscommunication among employees. As a general matter, if O'Connor commits a trade error that results in a net loss for a Client, O'Connor will credit an amount equal to the net loss to that Client as soon as reasonably practical considering all relevant factors, 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), O'Connor will endeavor to recover such amounts from the responsible party.

Notwithstanding the foregoing, O'Connor has full discretion to resolve a particular trade error in a manner other than specified above after a complete investigation and evaluation of the circumstances surrounding the event, including the reallocation of trades among Clients.

## **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*

Each account is reviewed by one or more portfolio managers on a regular and continuous basis. The review process typically includes ongoing consideration of major market and economic developments and their effects on the securities held in each account. In addition, the review process will typically involve a review and analysis of the performance of the individual positions held in each account, the performance of the entire portfolio of securities held in the account generally, and the risks inherent in the individual positions and portfolio as a whole.

Additionally, all of O'Connor's accounts are independently reviewed by UBS Group Risk Control. Members of Group Risk Control do not report to the business head of O'Connor, but rather to other channels throughout UBS.

### *Valuation reviews*

O'Connor adheres to the UBS Global Valuation policy, which sets forth principles and standards, methodologies and sources, models, and procedures and controls to be considered when determining valuations. In accordance, we have established a Valuation Committee responsible for oversight of the valuation process and ensuring the integrity and consistency of valuation principles applied within O'Connor. One of the key oversight roles performed is to seek to identify conflicts of interest in the valuation processes. While investment and client relationship management personnel may supply input and/or documentation to aid the Valuation Governance Forum in its decision process, they cannot unilaterally determine valuations for investment instruments. The Valuation Committee is generally comprised by different members of the Operations, Product Control, Fund Services or third party pricing/valuation vendors supervised by O'Connor.

### *Client reporting*

Private fund Clients engage independent public accountants, registered with and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB"), to conduct an annual audit for the fund and in accordance with Rule 206(4)-2 (the "Custody Rule"). Investors in the private funds will receive such audited financials within 120 days of the respective fund's fiscal year end, in accordance with the Rule. Additionally, the private funds Management Board will generally receive annual audited statements from O'Connor regarding each private fund that it governs.

Generally, SMA clients, as well as investors in our funds, periodically receive unaudited performance reports, and information necessary to complete their tax filings, as applicable.

## Item 14 - Client Referrals and Other Compensation

### *Overview*

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

O'Connor may compensate solicitors, placement agents, distributors, or marketers (any of which could include affiliates) for new Clients, pursuant to a written agreement consistent with the requirements of Rule 206(4)-3 under the Advisers Act and applicable state laws and regulations, if applicable. O'Connor compensates such persons who introduce investors to accounts managed by O'Connor out of a portion of the fees collected by O'Connor (such expenses are borne by O'Connor and not the Client). The duration of fees shared for each such arrangement varies on a case-by-case basis.

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

O'Connor may also compensate consultants, introducers, banks or broker-dealers (any of which could include affiliates) with respect to originating, identifying and sourcing of investment opportunities for our Capital Solutions strategy. Such compensation may be borne by either O'Connor (out of a portion of its fees collected from the Client) or a Client (as a portion of the Client's expenses), depending on provisions within the Client's Governing Documents.

## Item 15 - Custody

### *Overview*

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

O'Connor 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 under Rule 206(4)-2 (the "Custody Rule"), and we perform certain activities that result in O'Connor being deemed to have custody.

In accordance with the Rule, for those Clients who are pooled investment vehicles, the investors in the Client receive audited financial statements within 120 days of the end of its fiscal year. If O'Connor is deemed to have custody of Clients' assets that are not pooled investment vehicles, O'Connor 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.*

O'Connor may provide discretionary investment management services to certain of its Clients. When permitted by a Client's Governing Documents, O'Connor and its sub-advisers, (one or more of which may be affiliates) will make investment related decisions without consulting a Client. These decisions involve determinations regarding which securities are bought and sold, the total amount of securities to be bought and sold, the brokers with whom orders for the purchase and sale of securities are placed for execution and the prices and commission rates at which such securities transactions are effected.

O'Connor's discretionary authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between O'Connor and the Client. Clients may limit O'Connor's discretionary authority with respect to brokerage by directing that transaction be effected or not effected through specified brokers. Any restrictions or limitations applicable to a Client are disclosed in their Governing Documents.

## Item 17 - Voting Client Securities

### *Overview*

*This section of the Firm Brochure describes how O'Connor managing proxy votes on behalf of our Clients.*

Unless Clients have reserved voting rights to themselves, O'Connor will direct the voting of proxies on securities held in their account. O'Connor's proxy policy is based on our belief that voting rights have economic value and must be treated accordingly. Generally, O'Connor expects the boards of directors of companies issuing securities held in Client accounts to act as stewards of the financial assets of the company, to exercise good judgment and practice diligent oversight over the management of the company. While there is not an absolute set of rules that determine appropriate corporate governance under all circumstances and no set of rules will guarantee ethical behavior, there are certain benchmarks, which, if substantial progress is made, give evidence of good corporate governance. O'Connor has delegated an independent proxy voting and research service the authority to exercise the voting rights associated with certain holdings. Our delegation was made with the direction that the votes be exercised in accordance with O'Connor's proxy voting policy, which includes the ability of O'Connor's portfolio managers to override the recommendation of the independent service provider.

Since O'Connor and its affiliates are active participants in securities markets around the world and are involved in and with various lines of business, client relationships or investment activities, it is possible that actual or perceived conflicts of interest may arise between or among these groups. In addition to delegating proxy voting as noted above, O'Connor has imposed information barriers between it and its affiliates who conduct banking, investment banking and broker-dealer activities. If an O'Connor portfolio manager believes that the voting of a particular proxy presents a conflict of interest that is not otherwise mitigated, then the portfolio manager is required to contact the Compliance Department prior to the voting of such a proxy.

A copy of O'Connor's full proxy voting policy is available to Clients upon request.



## Item 18 - Financial Information

### *Overview*

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

O'Connor is not required to attach a balance sheet since we do not require or solicit the payment of fees six months or more in advance.

We have no financial commitment that impairs our ability to meet contractual or fiduciary commitments.

O'Connor has never been the subject of a bankruptcy proceeding.