



HUDSON BAY CAPITAL

Part 2A of Form ADV: Firm Brochure

Hudson Bay Capital Management LP

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This brochure provides information about the qualifications and business practices of Hudson Bay Capital Management LP (“Hudson Bay”). If you have any questions about the contents of this brochure, please contact us at (212) 571-1244. 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.

Registration with the SEC does not imply a certain level of skill or training.

Additional information about Hudson Bay Capital Management LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Not applicable. This brochure is the initial brochure for Hudson Bay Capital Management LP.

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Item 4. Advisory Business

Hudson Bay Capital Management LP (“Hudson Bay”), a Delaware limited partnership, is an alternative asset management firm founded in 2005 by Sander Gerber. Mr. Gerber is Hudson Bay’s principal owner and the managing member of Hudson Bay’s general partner. Hudson Bay provides investment management services on a discretionary basis to privately offered investment vehicles (each, a “Fund” and collectively, the “Funds”), and from time to time may also provide investment management services to one or more separately managed accounts (each a “Managed Account” and collectively, the “Managed Accounts”). The Funds and the Managed Accounts are sometimes referred to collectively (each, a “Client” and collectively, the “Clients”).

As of December 31, 2011 Hudson Bay managed client assets with a net asset value of approximately \$1.08 billion, all on a discretionary basis.

The Funds

Hudson Bay has full and exclusive discretion over all investment and trading decisions made on behalf of the following Funds, and provides investment advice directly to the Funds according to each Fund’s particular investment objectives and not individually to the Funds’ investors. Hudson Bay manages all of the Funds’ assets on a discretionary basis.

Hudson Bay Fund LP and Hudson Bay International Fund Ltd

Hudson Bay Fund LP (the “Onshore Feeder Fund”) is a Delaware limited partnership operating principally for the benefit of taxable U.S. persons. Hudson Bay International Fund Ltd (the “Offshore Feeder Fund”) is an exempted company incorporated under the Companies Law of the Cayman Islands operating principally for the benefit of non-U.S. persons and certain tax-exempt U.S. persons.

The two Feeder Funds are organized in a master-feeder structure, whereby the Onshore Feeder Fund directly invests, and the Offshore Feeder Fund indirectly invests (through an intermediary fund, Hudson Bay Intermediate Fund Ltd.) most of their assets into Hudson Bay Master Fund Ltd. (the “Master Fund”). Although trading generally occurs primarily at the Master Fund level, from time to time trading may also occur in one or more of the Feeder Funds or in Hudson Bay Intermediate Fund Ltd.

The investment objective of the Funds is to employ multiple strategies to achieve consistent positive returns with low correlations to the global markets and other alternative asset managers. The Funds trade and invest in a wide array of investment and trading strategies, which generally fall into three categories: relative value, event-driven and directional. However, the strategies in which the Funds invest are constantly evolving and new strategies may appear within the Funds’ portfolio with some regularity. There are no material limitations on the instruments, markets or countries in which the Funds may invest or on the investment strategies which may be employed on behalf of the Funds.

The Managed Accounts

Terms applicable to the Managed Accounts are subject to negotiation and may vary from those applicable to the Funds.

Currently, Hudson Bay manages an account for an institutional investor on a discretionary basis. This account is designed to be an “overflow capacity line” account whose assets fluctuate by design, which Hudson Bay generally utilizes when there are investments or trading opportunities that have capacity beyond the risk guidelines of the Funds. For those limited number of investments and trades, the current Managed Account will generally participate on a *pari passu* basis with the Master Fund or one of the Feeder Funds.

Item 5. Fees and Compensation

Hudson Bay typically charges investors in the Feeder Funds fees that are based upon a set percentage of assets under management and performance, as set forth below. These fees are deducted directly from the applicable Fund's account. Detailed disclosure about the fees and other expenses applicable to an investment in the Funds is provided in the operative private placement memorandum (“PPM”) and related documents for the applicable Fund. Those operative documents should be carefully reviewed prior to making an investment in the Funds.

Management Fee

Investors in the Feeder Funds are typically charged a fixed management fee equal to 2% per annum of the amount invested in a particular Fund (the “Management Fee”). Such fee is typically paid quarterly in advance, and is pro-rated for periods less than a full quarter.

Performance Fee

Investors in the Feeder Funds are also typically charged an incentive fee or allocation equal to 20% per annum of the net profits allocable to the amount invested in a particular Fund, subject to a modified loss carry forward provision (the “Performance Fee”). Under the modified loss carry forward provision, the Performance Fee will be reduced by half to 10% until 2.1 times the loss is recovered for such investment. For example, if an investment in a particular Fund suffers a loss of \$100, the next \$210 of net profits will be subject to the reduced 10% Performance Fee. Additional net profits in excess of \$210 will be subject to the full 20% Performance Fee.

Hudson Bay reserves the right to reduce, waive or calculate differently the Management and Performance Fees. Certain current and former Hudson Bay principals and employees invested in the Funds are not charged a Management Fee and may be subject to a reduced Performance Fee.

Other Types of Fees or Expenses

Fund investors bear indirectly the fees and expenses charged to the Funds. These fees and expenses vary, but typically include, without limitation, (i) investment-related expenses of the Funds (*e.g.*, brokerage commissions, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, clearing and settlement charges, interest expenses and investment-related travel and lodging expenses); (ii) research-related

expenses; (iii) fees and expenses of the administrator and other third parties providing administrative, accounting, operations and valuation services; (iv) systems and technology expenses; and (v) accounting, auditing and tax preparation expenses.

Investors who withdraw an investment in less than 12 months are required to pay a withdrawal fee of 3%. The withdrawal fee, which will be retained by the Fund, may be waived by the Fund's Board of Directors or General Partner, as appropriate, in its discretion.

The Funds may invest their excess funds in government securities, money market funds, commercial paper, certificates of deposit and bankers' acceptances and other money market instruments deemed appropriate by Hudson Bay. In some cases, a Fund may pay the money market fund or such other short-term investment vehicle an advisory fee on assets invested in the money market fund or short-term investment vehicle in addition to the fees paid to Hudson Bay and/or an affiliate.

Please also see "Item 12—Brokerage Practices" below.

The Funds are authorized to enter into arrangements to invest with affiliates of Hudson Bay (including for this purpose, individuals or entities that provide their services exclusively to Hudson Bay or its affiliates or clients). In such case, any Management or Performance Fees payable to such affiliate will reduce the Management and/or Performance Fee payable to Hudson Bay, as applicable, provided that where such entity is owned in part by Hudson Bay and in part by an unaffiliated entity, such fees will be accounted for separately, such that the amount that is attributable to the unaffiliated entity will be treated as an expense of the Fund and the amount that is attributable to Hudson Bay's affiliate will reduce, dollar-for-dollar, the Management and/or Performance Fee. If the Management or Performance Fees payable by the Fund to the Hudson Bay affiliate would exceed the combined Management Fee and Performance Fee, the amounts payable to such affiliate will be reduced so that there is no excess.

In certain situations (such as where the investor handles administration of the account) the Managed Accounts may not be charged a Management Fee, or may be charged a lower Management Fee from those charged to the Funds. The Managed Accounts will, however, be subject to payment of a Performance Fee.

Item 6. Performance-Based Fees and Side-by-Side Management

As stated in "Item 5 – Fees and Compensation" above, generally all Hudson Bay clients are subject to payment of a Performance Fee. As a result, Hudson Bay does not face the conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not others.

Item 7. Types of Clients

As described in "Item 4 – Advisory Business" above, Hudson Bay provides investment advice to private investment vehicles (defined previously as the "Funds"). The Funds are excluded from the definition of "investment company" pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended. Hudson Bay provides investment advice directly to the Funds and not individually to the Fund investors. The Fund investors generally consist of institutions (*e.g.*,

pension plans, endowments, trusts, estates, charitable organizations, foundations, etc.), “funds of funds” and high net worth families and individuals.

Currently, Hudson Bay also provides investment advice to one Managed Account for an institutional investor.

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

Methods of Analysis, Investment Strategies and Risk of Loss

Hudson Bay’s investment objective on behalf of the Funds is to achieve consistent returns on an absolute basis with low correlations to the major equity and debt markets by opportunistically trading and investing in a wide array of investment and trading strategies, utilizing both quantitative and fundamental analytical techniques. The Funds expect to hold both long and short positions in a broad range of debt and equity securities, derivatives and other financial instruments on a global basis. There are no material limitations on the instruments, markets or countries in which the Funds may invest or on the investment strategies which may be employed on behalf of the Funds. The Funds do not focus on, nor is their trading limited to, any geographic area, industry section, issuer credit rating or issuer market capitalization level. The Funds are not subject to any formal diversification requirements, and a Fund’s portfolio may, from time to time, be concentrated in a limited number of positions or strategies.

The Funds may trade derivatives (including commodity and credit-related derivatives trading) both for hedging and for investment purposes.

Occasionally, a Fund may invest in assets or securities that Hudson Bay determines either lack a readily assessable market value or should be held until the resolution of a special event or circumstance (*i.e.*, invest in assets or securities that need to be “side-pocketed”). Although such investments are not restricted by a percentage limitation, Hudson Bay does not intend to make such investments with any regularity. In each such case, such asset or security may, along with its corresponding hedge positions, if any, be designated a “Special Investment.” Shareholders generally are given the opportunity to opt in or opt out of participating in Special Investments, and to place a 10% limit on the amount of their investment that can be side-pocketed, according to provisions described in the pertinent PPM.

From time to time, Hudson Bay purchases investments on behalf of a Fund that are long-term in nature and/or less liquid than an investment in readily marketable securities (“Longer-Term Investments”). Such investments may be subject to regulatory limitations on resale, including extended holding period requirements, during which period the Fund may be limited in its ability to liquidate such investments. A Fund may invest a material portion of its portfolio in Longer-Term Investments. Longer-Term Investments and other illiquid investments may be structured with multi-year holding requirements and may have no readily-ascertainable market value.

In view of the fact that the Funds’ investment program includes trading as well as investments, short-term market considerations will frequently be involved, and the turnover rate of the Funds’ portfolios in certain circumstances may be substantially greater than the turnover rates of other types of investment vehicles. Frequent trading may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Hudson Bay is continually developing new, and adapting and refining existing, trading and investment strategies. Hudson Bay's strategies generally fall into three categories: relative value, event-driven and directional. There are no clear dividing lines among these categories, and strategies executed by Hudson Bay may combine elements of more than one of these general strategy types or may represent a completely different strategy type. Certain of the specific trading techniques that have been used by Hudson Bay are outlined below for illustrative purposes. The following does not purport to be a complete list of all trading strategies employed.

Relative Value Strategies

Relative value strategies seek to profit from the relative mispricing of related assets: *e.g.*, convertible bonds and the underlying common stock, other options and futures and their underlying reference assets, debt instruments of the same issuer or of different issuers with different maturities or yields and the common stock of different issuers in the same industry sector. These strategies may be highly quantitative and based on theoretical or historical pricing relationships. Because they focus on capturing the value from the relative mispricing of related assets, relative value strategies can generate returns independent of overall movements in the global level of debt or equity prices, although many of these strategies in fact are constructed with a long or short equity or debt bias. Because the mispricings that these strategies exploit tend to be small in absolute terms, these strategies frequently use leverage, which could be substantial, in an attempt to increase returns. Relative value strategies typically do not hedge all the risks of the strategy, and certain risks cannot be effectively hedged.

Illustrative relative value strategies include:

- *Event/Merger Arbitrage* – involves investing in securities of an issuer that is involved in prospective mergers or corporate combinations, acquisitions, tender offers, exchange offers, corporate recapitalizations or spin-offs or other corporate action transactions with the expectation of profiting from the difference between the price of such securities at the inception of the investment and the price of such securities in expectation of or upon consummation of particular events.
- *Derivative Arbitrage* – involves the purchase and sale of options, futures, warrants, swaps and other derivative securities in anticipation of profiting from a relative mispricing between them. These transactions may be offset in the underlying principal markets. Examples of such strategies are commonly known as index arbitrage and volatility arbitrage.
- *Options Arbitrage* – seeks to profit from market turbulence or lack thereof, as reflected in movements in option prices that result from either market volatility or market fluctuations. The goal of this strategy, also known as options-volatility trading, is to buy inexpensively priced (*i.e.*, low implied volatility) options whose underlying instruments are historically more volatile and sell expensively priced (*i.e.*, high implied volatility) options whose underlying instruments are historically less volatile.
- *Equity-volatility Arbitrage* – seeks to identify and exploit relative mispricings in general volatility levels, skew and term structures across global markets. Hudson Bay will

evaluate volatility through the analysis of capital structure, event catalysts and the structured products market.

- *Convertible Arbitrage* – involves purchasing and selling convertible securities and may involve hedging the underlying equity and/or credit risk, in anticipation of profiting from a relative mispricing among them. This is intended to create a net position that is designed to be substantially neutral to the movements in the underlying equity and has an attractive yield.
- *Relative Value Long/Short Equity* – involves taking a number of long and short positions in a particular equity market to create a portfolio that is designed to have a reduced, if any, net market exposure. Equities that are deemed relatively undervalued are purchased long and relatively overvalued equities are sold short.
- *Capital Structure Arbitrage* – involves the simultaneous long purchase and short sale of two different classes of securities of the same issuer in order to capitalize on relative mispricings among them.

Event-Driven Strategies

Event-driven strategies concentrate on the profit potential created by major corporate events: *e.g.*, mergers, acquisitions, restructurings, bankruptcies, liquidations, regulatory or legal developments and other events. Unlike relative value strategies, which emphasize the quantitative relationship among different but related assets, event-driven strategies are highly issuer- and transaction-specific and could rely more on fundamental research and judgment than on mathematical precision. Positions are taken which will be profitable if a particular event comes to pass, while a variety of techniques are used to mitigate the risk that the event does not occur. Event-driven strategies are dependent on market conditions conducive to major corporate events.

Directional Strategies

Directional strategies attempt to predict near to mid-term absolute movements in the prices of equities, debt instruments or other assets. Price forecasting may be based on the fundamental analysis of an issuer or industry, specific expertise in a particular technological or scientific niche, quantitative analysis of value indicators, econometric models in which issuers are treated as fungible, or other fundamental or technical analysis appropriate to a particular situation. Although diverse in their methods, these strategies each attempt to predict future prices based not on relative mispricing or on the occurrence of a particular event that will itself define value, but rather on the belief that the market will come to realize the “fair” value of an asset. Such investments may be concentrated in specific industry sectors and may include short- or long-term investments, as well as investments in investment grade or distressed debt or equity.

Although certain directional strategies (for example, buying growth equities) are largely dependent on overall market movements, others attempt to reduce the impact of the market conditions by establishing both long and short positions. While such “beta neutral” or “beta reduced” strategies may, to a certain extent, be characterized as relative value strategies, the

hallmark of these strategies is the identification of assets that Hudson Bay believes the market will revalue and the elimination through hedging of the factors that may cause the market not to do so.

Third-Party Ventures

In executing a Fund's investment strategies, Hudson Bay may cause the Fund to enter into joint venture or co-investment arrangements, participate in private pooled investment vehicles or invest capital in separately managed accounts with unaffiliated investment managers where Hudson Bay determines that such arrangements complement Hudson Bay's expertise and/or enhance the Fund's ability to access specific investment opportunities (collectively, "Third-Party Ventures"). When a Fund enters into a Third-Party Venture, the manager thereof may be paid fixed asset-based fees and/or performance-based fees. This is in addition to the Management and Performance Fees received by Hudson Bay and/or an affiliate.

Material Risks of Hudson Bay's Strategies

Investing in securities involves risk of loss that clients and Fund investors should be prepared to bear. The following is a summary of some of the material risks associated with the strategies expected to account for a significant portion of the Funds' investments. This summary does not attempt to describe all of the risks associated with an investment in a Fund. Although no summary can fully describe all of the risks associated with such an investment, the pertinent PPM contains a more complete description of the risks associated with an investment in that Fund.

Risk management is a key part of Hudson Bay's investment process. Hudson Bay attempts to monitor the risk parameters of each Fund's overall portfolio, as well as the concentration of the portfolio in any particular investment asset, strategy or market. Although Hudson Bay attempts to mitigate risk by hedging at the position, strategy and/or portfolio level, such attempts may not be effective and hedging strategies themselves could add additional risks. Hudson Bay generally does not attempt to hedge all market or other risks inherent in a Fund's portfolio.

General Risks

Leverage Risk

The use of leverage is integral to many of the Funds' strategies. The Funds borrow funds from brokers, banks and other lenders; purchase securities on margin; and use various derivatives. The use of leverage creates risks of "credit squeezes" and the adverse effects of discretionary margin increases by dealers and counterparties and, in certain circumstances, can increase the losses to which a Fund's portfolio may be subject.

Volatility Risk

The prices of instruments traded by the Funds may be subject to periods of excessive volatility. While volatility can create profit opportunities, it also can create the specific risk that historical or theoretical pricing relationships will be disrupted, causing what should otherwise be

comparatively low risk positions to incur losses. On the other hand, the lack of volatility can also result in losses for certain of the Funds' strategies that profit from price movements.

Risk of Stagnant Markets

Certain of the Funds' strategies rely for their profitability on market volatility contributing to the mispricings that the strategies are designed to identify. Option values increase in direct correlation to increases in market volatility, so that strategies that are "long volatility" typically are unprofitable in stagnant markets. In periods of trendless, stagnant markets and/or deflation, alternative investment strategies have materially diminished prospects for profitability.

Liquidity Risk

Certain of the Funds' investment positions may be illiquid in the ordinary course of business, as well as experience periods of illiquidity despite generally being liquid. Lack of liquidity can make it economically unfeasible for a Fund to recognize profits on open positions or to close out open positions against which the market is moving and could also adversely affect the Fund's ability to rebalance its portfolios. Illiquidity can also disconnect market values from the historical pricing indicators used in Hudson Bay's investment analysis.

The Special Investments will be long-term, illiquid positions. Fund investors may have to retain their interest in such investments for years after they have otherwise entirely redeemed from the Fund, irrespective of changes in their financial status or in general market conditions.

Strategy Risks

Multi-Strategy Approach

Hudson Bay implements a multi-strategy approach. The different strategies combined in a Fund's portfolio may generate offsetting gains and losses resulting in substantial transaction costs, but no net profit.

Relative Value Strategies

The success of the Funds' relative value trading is dependent on Hudson Bay's ability to exploit relative mispricings among interrelated instruments. Mispricings, even if correctly identified, may not converge within the time frame within which a Fund maintains its positions. The Funds' relative value strategies are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of Hudson Bay's or third-party valuation models. Market disruptions may also force a Fund to close out one or more positions. Such disruptions in the past have resulted in substantial losses for funds employing relative value strategies.

A major component of relative value trading involves spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss may occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably and, due to the leveraged nature of the Funds' trading, result in increased losses.

Changes in the shape of the yield curve can cause significant changes in the profitability of relative value strategies. In the event of an inversion of the yield curve, the reversal of the interest differential between investments of different maturities can make previously profitable hedging techniques unprofitable.

Event-Driven Investing

Event-driven strategies focus on investing in positions whose profitability depends upon the result of some significant corporate event occurring. The consummation of mergers, exchange offers, cash tender offers or other similar transactions can be prevented or delayed by a variety of factors. If the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security to be tendered or exchanged likely will decline sharply by an amount greater than the difference between the Fund's purchase price and the anticipated consideration to be paid. Where a security to be issued in a merger or exchange offer has been sold short in the expectation that the short position will be covered by delivery of such security when issued, failure of the merger or exchange offer to be consummated may cause the Fund to cover its short sale, with a resulting, and perhaps significant, loss.

If a Fund purchases securities in anticipation of an acquisition attempt or reorganization which does not occur, the Fund may sell the securities at a substantial loss. In addition, where securities are purchased in anticipation of an acquisition attempt or reorganization, substantial time may elapse between the Fund's purchase of securities and the acquisition or reorganization. In such cases, a portion of the Fund's funds would be committed during this period to the securities purchased, and the Fund would incur an interest expense on the funds it borrowed to purchase the securities.

The Funds may invest in companies involved in or undergoing work-outs, liquidations, split-offs, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction will be unsuccessful, take considerable time or result in a distribution of cash or a new security with a value less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such companies.

Directional Trading

Certain of the positions taken by the Funds may be directional (*i.e.*, designed to profit from forecasting absolute price movements in a particular instrument) and certain of the relative value and event-driven investment strategies used by the Funds may have inherently directional characteristics. Directional investing is subject to all the risks inherent in incorrectly predicting future price movements. Often these price movements will be determined by unanticipated factors, and even if the determining factors are correctly identified, Hudson Bay's analysis of those factors may prove inaccurate, in each case potentially leading to substantial losses.

Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, will often not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

Risks Related to Certain Trading and Investing Techniques

Model Risk

Certain of the Funds' strategies require the use of quantitative models that Hudson Bay has developed over time, as well as valuation models developed by third parties. As market dynamics shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without Hudson Bay recognizing that fact before substantial losses are incurred. There can be no assurance that Hudson Bay will be successful in continuing to develop and maintain effective quantitative models. Models are subject to limitations, including, but not limited to, those caused by incorrect or unrealistic assumptions, computer herding, inapplicability of historical data, omission of key data, erroneous code, oversimplification and underpricing risk.

Short Sales Risk

The Funds' investment strategies require routine "short sales." A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Hedging Risk

While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may not be fully effective in mitigating the risks in all market environments or against all types of risk, thereby incurring losses to the Fund. In addition, such hedging transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transactions. Hedging strategies themselves are subject to both significant transaction costs, as well as to path-dependent outcomes determined upon when hedging positions are applied, increased, reduced or eliminated and the correlation between such hedging positions and the directional positions that they are intended to hedge.

Risk Related to Third-Party Ventures

When a Fund invests in Third Party Ventures, the Fund must rely on the performance of third parties, thereby increasing the risk of manager misconduct or bad judgment, as well as limiting Hudson Bay's control over, and knowledge of, the Fund's overall portfolio. The Fund may not be able to redeem shares from a Third-Party Venture even in situations where such Third-Party

Venture is deviating from announced strategies or risk control policies or has otherwise been materially adversely affected. Furthermore, a Third-Party Venture may deviate significantly from its announced strategies and/or risk control policies without Hudson Bay's knowledge.

Emerging Markets Risk

The Funds may invest in countries that are considered to be "emerging markets." These investments present unique risks, including, *e.g.*, government instability, political risk, expropriation risk, the potential inability to hedge market risk and other risks related to a developing legal and regulatory framework, limited disclosures and access to information from issuers and risks relating to the application of various laws and regulations.

Item 9. Disciplinary Information

Hudson Bay has no legal or disciplinary events to report that, in its view, would be material to a Client's or prospective Client's evaluation of Hudson Bay's advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

Certain of Hudson Bay's officers, employees and/or their related persons invest directly in certain of the Funds, are not charged a management fee and are subject to a reduced incentive fee/allocation.

As disclosed in the Funds' PPMs, Hudson Bay and its affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships, investing their personal funds, or engaging in other business activities, even though such activities may substantially track, correlate to, mimic or compete with the Funds.

Hudson Bay does not believe that it and its employees/management persons have any current relationships or arrangements with other financial services companies that are material to its advisory business or to its clients or that pose material conflicts of interest. In order to prevent any potential conflicts from arising, Hudson Bay prohibits each of its employees and their related persons and entities from making or maintaining personal investments in entities with which such employee routinely causes the Clients to trade or co-invest. In addition, with certain limited exceptions relating primarily to volunteer activities, any Hudson Bay employee seeking to participate in any outside business activity must obtain the approval of Hudson Bay's Chief Compliance Officer in order to participate in such activity.

Hudson Bay Capital Associates LLC (the "General Partner") is the general partner of the Onshore Feeder Fund. Any persons acting on behalf of the General Partner are subject to the supervision and control of Hudson Bay in connection with any investment advisory activities. In accordance with SEC guidance, the General Partner will be registered as an investment adviser in reliance on the Form ADV filed by Hudson Bay.

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

Code of Ethics

High ethical standards are essential for the success of Hudson Bay and to maintain the confidence of each Client. Hudson Bay is of the view that its long-term business interests are best served by adherence to the principle that Clients' interests come first. In recognition of Hudson Bay's fiduciary obligations to its Clients and Hudson Bay's desire to maintain its high ethical standards, Hudson Bay has adopted a Code of Ethics containing provisions designed to: (i) prevent improper personal trading by Hudson Bay personnel; (ii) prevent improper use of material, non-public information about securities recommendations made by Hudson Bay or securities holdings of Clients; (iii) identify conflicts of interest (including the establishment of policies concerning outside business interests and gifts and entertainment); (iv) provide a means to resolve any actual or potential conflict in favor of the Client; and (v) establish policies with respect to political contributions and compliance with the Foreign Corrupt Practices Act. The Code of Ethics requires compliance with applicable federal and state securities laws. The Code of Ethics will be provided to any Client or Fund investor or potential Client or Fund investor upon request.

Personal Trading

Hudson Bay's employees and principals are permitted to invest in their personal trading accounts, subject to certain restrictions, and may in certain circumstances invest in the same or related securities as Hudson Bay recommends to the Client accounts, although these circumstances will generally be very limited as set forth below. In order to reduce certain conflicts of interest that may arise between Client accounts and the personal trading activities of Hudson Bay personnel, Hudson Bay has adopted a personal trading policy (contained in the Code of Ethics). The personal trading policy, among other things, requires: (i) disclosure of all relevant securities accounts, holdings and transactions and (ii) preclearance of relevant securities transactions, prior to their execution, which is designed to prevent any possible conflicts of interest between Hudson Bay personnel and Hudson Bay's Clients and to prevent the misuse of material, non-public information. The personal trading policy generally prohibits, with certain limited exceptions, Hudson Bay employees from trading in the same or related securities as those held by the Client accounts.

Principal Transactions and Cross Trades

Hudson Bay or an affiliate on occasion may engage in principal transactions with Clients. A principal transaction occurs when an investment adviser, acting for its own account (or the account of an affiliate) buys a security from, or sells a security to, a client's account. Hudson Bay will conduct all principal transactions according to the disclosure and client consent requirements of Section 206(3) of the Investment Advisers Act of 1940 (the "Advisers Act"). Hudson Bay must determine that any principal transaction is in the best interest of the participating Client.

Hudson Bay, to the extent permitted under applicable law, also may effect cross transactions in which Hudson Bay causes a transaction to be effected between a Client and another account advised by it or any of its affiliates (a “cross trade”). Cross trades, which may or may not constitute principal transactions, will be conducted in accordance with Hudson Bay’s fiduciary responsibility to each participating Client, must be in the best interest of each participating Client and must be consistent with Hudson Bay’s duty to seek best execution.

An investors’ representative has been retained for purposes of considering whether to grant, and granting or withholding, Client (including, as pertinent, Fund investor) consent to certain transactions that may give rise to conflicts of interest.

Item 12. Brokerage Practices

Hudson Bay has complete authority over the selection of the brokerage firms used to execute and clear portfolio transactions on behalf of Clients and custody assets of Clients.

Best Execution

Transactions for Clients will be allocated to broker-dealers for execution taking into consideration factors such as price; transaction costs; ability to effect the transactions; a broker-dealer’s facilities, reliability and financial responsibility; commitment of capital; access to company management; quality of research; effectiveness of sales coverage; access to deal flow; the provision or payment by the broker-dealer of the costs of research; and other factors that are deemed appropriate to consider under the circumstances. In selecting broker-dealers, Hudson Bay need not solicit competitive bids and has no obligation to seek the lowest available commission cost. Hudson Bay does not always negotiate “execution only” commission rates and may, in its sole discretion, determine that the amount of commissions charged by a broker-dealer which is greater than the amount another broker-dealer might charge is reasonable in relation to the value of the brokerage and products or services provided by such broker-dealer.

Accordingly, the commissions and other transaction costs (which may include dealer markups or markdowns) charged to Clients by broker-dealers in the foregoing circumstances may be higher than those charged by other broker-dealers that may not offer such products or services. Subject to the considerations described above, the selection of a broker-dealer (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services may be influenced by, among other things, the provision by the broker-dealer of the following: capital introduction, marketing assistance, consulting with respect to technology, operations, equipment and office space, commitment of capital, access to company management and access to deal flow. Hudson Bay may have an incentive to select a broker-dealer based on its interest in receiving these services rather than on Clients’ interest in achieving most favorable execution. However, as noted above, Hudson Bay selects broker-dealers according to its fiduciary duty to seek best execution, taking into account all applicable considerations.

Soft Dollar Benefits

As a matter of policy, Hudson Bay does not enter into “soft dollar” arrangements, *i.e.*, arrangements under which Hudson Bay agrees to pay more than the lowest available commission

for products or services provided by a broker-dealer. However, Hudson Bay may use certain broker-dealers that provide certain research or other products or services to all of their customers, including Hudson Bay, without being requested to do so. Hudson Bay may receive from such broker-dealers various research-related products or services, including access to the broker-dealers' research websites, research mailed to the broker-dealers' customers, attendance at industry and investor conferences (which may include management meetings and expert panel discussions), and access to management of securities issuers and industry experts. Hudson Bay will take advantage of the products or services provided rather than producing or paying for them from another provider. In these situations, Hudson Bay receives a benefit because it does not have to pay for the products or services, such as research. In addition, Hudson Bay may have an incentive to recommend broker-dealers based on benefits that it receives from broker-dealers, even in the absence of soft dollar arrangements, rather than the interests of the Funds in receiving the most favorable execution. Any products or services that Hudson Bay receives from broker-dealers will be used in connection with its management of all Client accounts, not just selected accounts.

Allocation of Investment Opportunities and Orders

As a fiduciary, Hudson Bay must allocate investment opportunities among its Clients in a fair and equitable manner.

Hudson Bay may consider a number of factors in determining which investments to make on behalf of a Client, including, but not limited to, differences in risk tolerances, tax status and investment objectives. As a result, there may be differences among Clients in invested positions and securities held. However, Hudson Bay will not make any investment allocation decisions based upon account performance or applicable fee structures.

In situations where more than one Client invests in a common position, Hudson Bay will generally aggregate orders unless aggregation is not consistent with Hudson Bay's duty to obtain best execution and the terms of the investment guidelines and restrictions of each pertinent Client. Aggregation, or "bunching," describes a procedure whereby an adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. No Client will be favored over any other Client. Each Client that participates in an aggregated order will participate at the average price for all of Hudson Bay's transactions in that security on a given business day, with transaction costs shared *pro rata*. Brokerage commission rates are not reduced as a result of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single Client.

In situations where different Client accounts invest in a common position or when an aggregated order is only partially filled, Hudson Bay will allocate the investment opportunity or a partially filled order on a fair and equitable basis. In such a situation, orders will generally be allocated *pro rata* based on the size of the Client account. However, allocations may be made on a basis other than *pro rata* for a number of reasons, including, but not limited to, a Client's investment guidelines and restrictions, available cash, liquidity requirements, tax or legal reasons, to avoid odd lots, or in cases in which such an allocation would result in a *de minimis* allocation. Hudson

Bay will document the reason why any orders appropriate for more than one Client were allocated on a basis other than *pro rata*.

Trading Errors

Hudson Bay implements trade reconciliation and confirmation procedures intended to prevent trade errors; however, on occasion Hudson Bay may experience errors with respect to trades made on behalf of its Clients. Hudson Bay (unless it otherwise determines) will treat all trading errors (including those which result in losses and those which result in gains) as for the account of the Client, unless they are the result of conduct by Hudson Bay which is inconsistent with the standard of care set forth in the pertinent partnership or investment management agreement.

Item 13. Review of Accounts

Review of Accounts

Hudson Bay will review, as pertinent, each Client's portfolio holdings to determine that the investments held by each Client remain consistent with the pertinent offering documents and will generally review each Client's performance on an ongoing basis.

Reports to Clients

Fund investors receive unaudited performance information at least quarterly and audited financial statements on an annual basis. A Fund may offer certain investors additional information and reporting that other investors may not receive, and such information may affect an investor's decision to request a withdrawal from its capital account.

Managed Accounts will receive reports as agreed upon in the pertinent investment advisory or other agreement.

Item 14. Client Referrals and Other Compensation

Hudson Bay does not currently have any arrangements with third parties whereby such third parties are compensated for client referrals. Hudson Bay has an ongoing obligation to compensate a former external placement agent whose relationship Hudson Bay has terminated for a portion of the Performance and Management Fees it collects from certain investors whom that placement agent previously referred to Hudson Bay.

In the event Hudson Bay enters into compensation arrangements with third party solicitors for new advisory business, any such solicitation arrangements will comply with Rule 206(4)-3 under the Advisers Act.

Item 15. Custody

All Fund assets are held in custody by unaffiliated qualified custodians. However, Hudson Bay is deemed to have custody of the assets contained in the Fund portfolios, since a Hudson Bay affiliate serves as general partner of, or in a similar capacity for certain of the Funds, or because Hudson Bay has the ability to withdraw advisory fees directly from certain Fund accounts and/or

to obtain possession of other Fund assets. Accordingly, Hudson Bay is subject to the relevant provisions of Rule 206(4)-2 of the Advisers Act. Fund investors do not receive account statements from the custodian; rather, the Funds are subject to an annual audit and the audited financial statements are distributed to each Fund investor, pursuant to Rule 206(4)-2(b)(4).

In the event Hudson Bay has custody of the assets of any Managed Account, Hudson Bay will arrange for the qualified custodian to send quarterly account statements directly to the Managed Account, pursuant to Rule 206(4)-2. The Managed Account holder should carefully review these statements. Any Managed Account holder that also receives account statements from Hudson Bay should compare those account statements with the account statements received from the qualified custodian.

Item 16. Investment Discretion

Hudson Bay provides discretionary investment advisory services to the Funds and/or one or more Managed Accounts. Hudson Bay may make investment decisions, without consultation with the Funds, the Fund investors, or the Managed Account holder regarding which securities are bought and sold for the Client account, the total amount of the securities to be bought and sold, the broker-dealers with which orders are placed for execution and the commission rates at which securities transactions are effected. Such discretionary authority is granted to Hudson Bay in the applicable limited partnership agreement or investment management agreement.

Item 17. Voting Client Securities

Hudson Bay has voting authority and responsibility with respect to securities held by the Funds and may in the future have voting authority with respect to securities held by other clients. Hudson Bay's proxy voting policy is overseen and implemented by a Proxy Voting Committee, consisting of the Chief Compliance Officer and the Chief Operating Officer and such other persons as may be appointed from time to time. In voting proxies, Hudson Bay is guided by general fiduciary principles and votes in the manner it believes is consistent with efforts to achieve a Client's stated investment objectives. Hudson Bay has appointed an unaffiliated third party proxy voting service to assist with the management of proxy voting. Hudson Bay retains the discretion to take no action with respect to a proposed vote if it determines that doing so is in the best interests of a Client (for example, where Hudson Bay determines that the cost of voting exceeds the expected benefit to the Client).

Hudson Bay follows procedures designed to identify conflicts or potential conflicts that could arise between its own interests and those of its Clients. If it is determined that any such conflict or potential conflict is not material, Hudson Bay may vote proxies notwithstanding the existence of the conflict. If it is determined, however, that a conflict of interest is material, one or more methods may be used to resolve the conflict, including directing the third party proxy voting service to recommend a vote with respect to the security, disclosing the conflict to the Client and obtaining its consent before voting or such other method as is deemed appropriate under the circumstances.

Although the best interests of each Client are to be evaluated on a case-by-case basis, as a general matter, Hudson Bay is of the view that voting proxies in accordance with the following

general guidelines will usually be in the best interests of its Clients. Hudson Bay will generally vote:

- in favor of routine corporate housekeeping proposals, including, but not limited to, the selection or reappointment of auditors or increasing or reclassification of common stock;
- against proposals that make it more difficult to replace members of the issuer's board of directors or board of managers and proposals that introduce unequal voting rights;
- in favor of proposals by management or shareholders concerning various compensation and stock option plans that will act to make management and employee compensation more dependent on long-term stock price performance; and
- against proposals to move the company to another state less favorable to shareholders' interests, or to restructure classes of stock in such a way as to benefit one class of shareholders at the expense of another, such as dual classes of stock.

Clients and Fund investors may request a copy of Hudson Bay's proxy voting policy, as well as applicable proxy voting records, by contacting the Chief Compliance Officer at Hudson Bay.

Item 18. Financial Information

Hudson Bay is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Clients, and Hudson Bay has not been the subject of a bankruptcy petition.