



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 and its affiliates. 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

This brochure has been updated to reflect certain restructuring changes that took place during 2016 with respect to Hudson Bay Master Fund Ltd. and its affiliates, whereby the feeder funds became “hardwired” into Hudson Bay Master Fund Ltd. In addition, the brochure: (i) eliminates references to Hudson Bay Absolute Return Credit Opportunities Master Fund Ltd. and its affiliates and Hudson Bay IP Opportunities Master Fund LP and its affiliates, all of which ceased being “funds” during 2016; and (ii) adds information relating to a new fund, Hudson Bay MLP Fund LP.

Item 3. Table of Contents

Table of Contents	Page
Item 2. Material Changes.....	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation.....	7
Item 6. Performance-Based Fees and Side-by-Side Management.....	12
Item 7. Types of Clients	12
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9. Disciplinary Information	31
Item 10. Other Financial Industry Activities and Affiliations	32
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	32
Item 12. Brokerage Practices	34
Item 13. Review of Accounts	36
Item 14. Client Referrals and Other Compensation.....	36
Item 15. Custody.....	36
Item 16. Investment Discretion	37
Item 17. Voting Client Securities	37
Item 18. Financial Information	38

Item 4. Advisory Business

Hudson Bay Capital Management LP (“Hudson Bay¹”), a Delaware limited partnership, is an alternative asset management firm founded in 2005 by Sander Gerber. Mr. Gerber is Hudson Bay Capital’s principal owner and the managing member of Hudson Bay Capital’s general partner. Hudson Bay provides investment management services on a discretionary basis to privately offered investment vehicles, and from time to time may also provide investment management services to one or more separately managed accounts, although Hudson Bay does not currently provide management services to any managed account.

As of January 31, 2017 Hudson Bay managed client assets with a net asset value of approximately \$2.49 billion, all on a discretionary basis.

Hudson Bay Capital currently manages two Fund products: (i) a multi-strategy Fund, comprised of Hudson Bay Fund LP (operating primarily for the benefit of taxable U.S. persons) and Hudson Bay International Fund Ltd. (operating primarily for the benefit of non-U.S. persons and certain tax-exempt U.S. persons) (along with their affiliates, the “Multi-Strat Funds”); and (ii) Hudson Bay MLP Fund LP (the “MLP Fund”), a co-investment vehicle designed to invest and divest in one specific investment alongside an affiliate of Hudson Bay Fund LP. Hudson Bay Fund LP, Hudson Bay International Fund Ltd. and the MLP Fund are each referred to herein as a “Fund” and collectively, as the “Funds” or the “Clients.” The Multi-Strat Funds are currently open to new investors; the subscription period for the MLP Fund has concluded and the MLP Fund is no longer accepting new subscriptions.

The Multi-Strat Funds

The Multi-Strat Funds are organized in a master-feeder structure, whereby: (i) Hudson Bay Fund LP (the “Onshore Fund”) invests all of its investable assets in Hudson Bay Master Fund Ltd. (the “Master Fund”), a Cayman Islands exempted company, and HB Fund LLC (“HB Fund”), a Delaware limited liability company; and (ii) Hudson Bay International Fund Ltd. (the “Offshore Fund”), a Cayman Islands exempted company, invests all of its investable assets in the Master Fund (through Hudson Bay Intermediate Fund Ltd. (the “Intermediate Fund”), a Cayman Islands exempted company). Hudson Bay has been managing its multi-strategy product since 2006.

Assets of the Onshore and Offshore Funds (collectively, the “Feeder Funds”) are pooled in the Master Fund in order to concentrate credit status and obtain negotiating leverage with counterparties, while also achieving administrative economies of scale, eliminating the need for trade allocations and simplifying ongoing operations. Investments that would be tax disadvantageous to the Offshore Fund (for example, originating debt obligations such as loans, notes and other debt instruments or obligations), as well as investments that Hudson Bay believes are not practical or otherwise in the best interest of

¹ References herein to Hudson Bay, include Hudson Bay’s affiliates, where appropriate.

the Multi-Strat Funds to make through the Master Fund (“Onshore Investments”) may be made by the HB Fund, and, in such cases, they may not be made by the Master Fund.² Although the Master Fund currently implements its own investing and trading strategies directly, both the Master Fund and HB Fund also invest through a variety of other legal entities (“Trading Vehicles”), including one or more other funds managed by Hudson Bay. Hudson Bay Capital Associates LLC (the “General Partner”) is the general partner of the Onshore Fund.³ References herein to the Multi-Strat Funds include the Feeder Funds, HB Fund, the Master Fund and/or any other subsidiary trading vehicles, as the context requires.

The investment objective of the Multi-Strat Funds is to target traditional and non-traditional sources of alpha by employing a diverse set of catalyst-driven absolute return strategies that are intended to be uncorrelated to each other and to the major indices. In deploying their trading and investing strategies, the Multi-Strat Funds expect to hold both long and short positions in a broad range of debt and equity securities, derivatives and investments on a global basis. Hudson Bay currently categorizes its strategies into the following four groups in its reports to investors: (i) event-driven/merger arbitrage (including long/short equity); (ii) volatility trading; (iii) convertibles; and (iv) credit. However, there are no material limitations on the instruments, strategies, markets or countries in which the Multi-Strategy Funds may invest. The strategies in which the Multi-Strat Funds invest are constantly evolving and new strategies may appear within the Multi-Strat Funds’ portfolio with some regularity.

Socially Responsible Investing/SRI Tranches

The Offshore Fund has issued, and the Onshore Fund may in the future issue, tranches and/or classes of shares/interests (the “SRI Tranches”) to certain investors (the “SRI Investors”) that are subject to a “socially responsible” investment mandate which precludes them from participating in profits or losses attributable to certain securities and other instruments of companies (“SRI Restricted Companies”) engaged in businesses (and/or certain commodities (“SRI Restricted Commodities”)) that are considered contrary to the SRI Investors’ faith-based teachings and core values. On no more frequently than a monthly basis, a list of SRI Restricted Companies and/or SRI Restricted Commodities (each, as periodically updated, an “SRI List”) will be prepared in

² The current structure (the “Restructuring”) was put into place effective July 1, 2016. Prior to the Restructuring, Hudson Bay Fund LP invested a portion of its assets directly in Onshore Investments. Pursuant to the Restructuring, Hudson Bay Fund LP changed its name to “HB Fund LLC” and became a wholly-owned subsidiary of a newly-formed partnership, which assumed its name, “Hudson Bay Fund LP,” at which time each of the limited partners of the restructured entity became limited partners of the newly-formed partnership.

³ The Master Fund serves as the managing member of two separate, two-member, limited liability companies, Strategic Bio Partners LLC (“SBP”) and HB Measure LLC (“HBM”). In its capacity as managing member, the Master Fund has delegated all investment discretion for these entities to Hudson Bay Capital. Accordingly, Hudson Bay Capital exercises all investment discretion over SBP and HBM. Neither SBP nor HBM is “offered” to investors and each serves primarily as a special purpose vehicle for one or more Master Fund investments.

consultation with an SRI Investor or group of SRI Investors (and/or their respective representatives), and the Multi-Strat Funds will use reasonable efforts to allocate profits and losses attributable to such SRI Restricted Companies and/or SRI Restricted Commodities), as well as positions deemed by Hudson Bay to have been established as hedges, or to be otherwise related, to such SRI Restricted Companies and/or SRI Commodities (collectively, “SRI Restricted Investments”), away from the applicable SRI Tranche(s) and to the other Interests. For clarity, the SRI Lists will be applied prospectively, not retroactively (*i.e.*, each updated SRI List will be applied to the positions to be excluded for the upcoming month).

In general, the SRI Lists will consist of: companies that engage in activities directly related to abortion, fetal stem cell research and the manufacturing of contraceptives; companies that derive a significant portion of their revenues from adult entertainment, tobacco, alcohol, gambling and the production of weapons of mass destruction; and/or certain food-related commodity instruments (including foodstuff, livestock, corn, soy, wheat and other grain). Notwithstanding the foregoing, the SRI Tranches will be permitted to participate in profits and losses related to index based products containing investment exposure to such SRI Restricted Investments on the basis that Hudson Bay has no discretion or control over the investment universe of such products.

PM Tranches

The Feeder Funds may also, in the future, issue tranches and/or classes of shares/interests corresponding to the investment strategy pursued by a particular portfolio manager (the “PM Tranches”). Generally, only the portfolio manager associated with a PM Tranche, members of such portfolio manager’s team, a family member of such persons and/or trusts or other entities for their benefit and certain other persons associated with the Management Company will be eligible to subscribe for a PM Tranche.

Side Letters

The Multi-Strat Funds and Hudson Bay have the discretion, to the extent permitted by applicable law, to waive or modify the application of, or grant special or more favorable rights with respect to, the terms or provisions applicable to investment in the Multi-Strat Funds. Such terms may relate to certain withdrawal rights, fees, portfolio level information rights or different participation in profits and losses of certain securities (“Favorable Rights”), or other matters. To effect such waivers or modifications or the grant of any special or more favorable terms, the Multi-Strat Funds may create additional classes, sub-classes, tranches or series of interests for certain investors that provide for these differing rights. Certain such waivers, modifications or grants of special or more favorable rights may also be effected through side letters.

Although certain investors may invest with different material terms, the Multi-Strat Funds and Hudson Bay generally will only offer such terms if they believe other investors will not be materially disadvantaged. The Multi-Strat Funds or Hudson Bay, as applicable, may create additional classes, sub-classes, tranches or series of interests and enter into side letters without notice to, or consent of, other investors. Favorable Rights

granted to certain investors (other than current and former members and employees of Hudson Bay, their family members and/or related entities) will be offered to all existing investors with an equal or greater investment in the Multi-Strat Funds; provided that (i) such terms or conditions were not offered based on an investor's special regulatory, tax or other particular status; and (ii) an investor electing to accept such favorable terms or conditions also agrees to be bound by any conditions, restrictions, limitations or obligations imposed on an investor in connection with its investment in the Multi-Strat Funds. Other rights and investment terms that do not constitute Favorable Rights may not be so offered.

The MLP Fund

The MLP Fund, a Delaware limited partnership, is a special purpose, co-investment vehicle designed to invest and divest in one specific investment alongside HBC MLP LLC ("HBC LLC"), which is an indirect wholly-owned subsidiary of the Onshore Fund. The General Partner is the general partner of the MLP Fund.

HBC LLC and the MLP Fund have acquired convertible preferred interests in a security of a certain master limited partnership (the "MLP"), as well as the underlying units of the MLP and any payments or distributions of any kind made pursuant to the MLP security (the "Asset") targeted by Hudson Bay. HBC LLC has invested and will divest in the Asset at the same time (to the extent reasonably practical to do so) and on the same terms as the MLP Fund.

The MLP Fund may purchase, sell or enter into a variety of financial instruments in order to hedge its investment in the Asset (the "Hedging Trades"). The MLP Fund does not expect to acquire assets other than the Asset and in connection with the Hedging Trades. The MLP Fund may retain cash or cash equivalents to meet margin calls or potential margin calls.

Item 5. Fees and Compensation

Hudson Bay typically charges investors in the Funds fees that are based upon a set percentage of assets under management and/or 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 confidential 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.

The Multi-Strat Funds

Management Fee

Investors in the Multi-Strat Funds are typically charged a fixed management fee equal to 2% per annum of the amount invested in a particular Multi-Strat 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 Multi-Strat 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 Multi-Strat 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 investor in a particular Multi-Strat 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 with respect to any investor (and has done so on occasion), including, without limitation, investors that are affiliates or current or former Hudson Bay principals or employees, members of the immediate families of such persons and trusts or other entities for their benefit (“Hudson Bay Insiders”). Currently, Hudson Bay Insiders invested directly in certain of the Funds are not charged a management fee and may not be subject to an incentive allocation or may be subject to a reduced incentive allocation. By means of individually-negotiated arrangements, certain investors pay a reduced management fee in exchange for a substantial investment and reduced liquidity.

Other Types of Fees or Expenses

Multi-Strat Fund investors bear indirectly the fees and expenses charged to the Multi-Strat Funds. Feeder Fund investors bear the direct expenses of their respective Feeder Funds and their pro-rata share of expenses collectively incurred by the Multi-Strat Funds. These fees and expenses vary, but typically include, without limitation, the following:

Investment-related expenses of the Multi-Strat Funds (*e.g.*, brokerage commissions, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, clearing and settlement charges, exchange fees, interest expenses and investment/research-related travel and travel-related expenses); research-related expenses, including, without limitation, research-related publications, data and news and quotation equipment and services and expenses for industry conferences, symposiums, meetings or similar gatherings (including travel-related and admission expenses); fees and expenses of the administrator and other third parties (including on and off-site contractors and consultants) providing administrative, accounting, operations and valuation services (including any valuation agent); legal expenses (including, without limitation, legal expenses relating to the offering of interests, investment activities, regulatory investigations and/or proceedings relating to the Multi-Strat Funds, and regulatory reporting and compliance costs relating to the Multi-Strat Funds, such as filing fees and expenses relating to Form PF and Section 13 filings); professional fees and expenses (including, without limitation, fees and expenses of consultants and experts); fees of the limited partners’/shareholders’ representative; systems and technology expenses (including, without limitation, investment-related systems and accounting, operations, risk and valuation systems and technology to the extent that they support proprietary or vendor supplied investment and/or research-related systems and processes,

such expenses to include, for the avoidance of doubt, the fees and expenses of consultants providing the foregoing and the cost of obtaining and storing data required for such systems and technology); accounting, auditing and tax preparation expenses; costs of preparing and mailing reports and notices; organizational expenses; expenses relating to obtaining insurance for members, officers and employees of the general partner/boards of directors of the Multi-Strat Funds and Hudson Bay; fees and expenses (including, without limitation, director registration fees) of the Multi-Strat Funds' directors; Management Fees; corporate licensing fees and other professional fees; bank service fees; withholding and transfer fees; entity-level taxes; other expenses related to the purchase, sale or transmittal of Multi-Strat Fund assets; and extraordinary expenses and other similar expenses related to the Multi-Strat Funds.

To the extent any of the foregoing expenses also benefit other Clients, they will be allocated among the various Clients in a manner determined by Hudson Bay in its sole discretion.

Expenses attributable to the Multi-Strat Funds will be shared on a *pro rata* basis among each investor account; provided that (a) investor-specific expenses may be borne by the investor to which they relate, (b) investors of an SRI Tranche will bear any and all costs and expenses specific to such SRI Tranche, including such costs and expenses related to the establishment of such SRI Tranche and monitoring of the applicable SRI List and (c) investors of a PM Tranche will bear any and all costs and expenses exclusive to such PM Tranche, including the costs and expenses related to the establishment of such PM Tranche, as well as their *pro rata* share of any and all costs and expenses that are specific, but not exclusive, to such PM Tranche, such as investment-related expenses. Notwithstanding the foregoing, certain expenses that only relate to particular investors may be paid by the Multi-Strat Funds generally (*i.e.*, foreign tax reporting requirements) and may not be specifically allocated).

In some cases, a Multi-Strat Fund may pay a 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.

Certain services provided to the Multi-Strat Funds at their expense by consultants and other independent contractors could, theoretically, otherwise be provided by an employee that Hudson Bay would hire at its expense. While Hudson Bay may be subject to a conflict in terms of deciding whether to retain a consultant or hire an employee to perform a task, there may be valid business reasons for a consultant to be hired (e.g., the limited nature of the task or the particular expertise or preference of the consultant).

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

The Multi-Strat 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) ("Affiliate Trading Vehicles"). In such case, any fixed asset-based fees and/or performance-based compensation due to Hudson Bay or its affiliates 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 Multi-Strat Fund and the amount that is attributable to Hudson Bay or its affiliate will reduce, dollar-for-dollar, the Management and/or Performance Fee. If the fixed asset-based fees payable by and/or performance-based compensation due to Hudson Bay or its 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.

Hudson Bay and its affiliates may earn fees and other income (“Ancillary Fees”) from services provided or related to portfolio investments or in connection with portfolio investments or prospective portfolio investments, such as, without limitation, advisory fees, due diligence fees, structuring fees, servicing fees, directors’ fees, break-up fees or any similar fees. Hudson Bay and its affiliates will keep any profits, commissions, fees or other income earned by them in connection with any such activities. Neither Ancillary Fees nor other types of income earned by Hudson Bay and its affiliates, including all income unrelated to the Multi-Strat Funds’ activities, will reduce the Performance Fee or Management Fee, and the Multi-Strat Funds will not participate in any such income.

The MLP Fund

Management Fee

The MLP Fund will not be charged a management fee by Hudson Bay.

Distributions; Recycling; Carried Interest

All cash proceeds received by the MLP Fund with respect to the Asset and the Hedging Trades, net of expenses, reserves and tax withholding (collectively, “Net Proceeds”), will be distributed to MLP Fund investors within 30 days following the MLP Fund’s receipt of such proceeds; provided, however, that Net Proceeds may be recycled in the sole discretion of the General Partner (in keeping with the MLP Fund’s investment objective) until the third anniversary of the initial date that the MLP Fund accepted subscriptions from the limited partners (the “Closing Date”).

Cash proceeds received by the MLP Fund with respect to the Asset and the Hedging Trades, net of expenses, reserves and tax withholding (collectively, “Net Proceeds”) will be apportioned in the first instance among the MLP Fund investors *pro rata* based on each investor’s respective partnership percentage (*i.e.*, the ratio of the investor’s capital contributions to the aggregate capital contributions of all investors). Net Proceeds apportioned to the General Partner will be distributed to the General Partner. Net proceeds apportioned to each limited partner will be distributed to such limited partner and the General Partner in the following amounts and order of priority:

- *Return of Capital:* First, 100% to the limited partner until the MLP Fund has made distributions in respect of the limited partner equal to the aggregate capital contributions made by the limited partner; and

- *General Partner/Limited Partner Split:* Thereafter, one minus the Carried Interest Rate (as defined below) to the limited partner and the Carried Interest Rate to the General Partner (the distributions to the General Partner described in this clause being referred to collectively as “Carried Interest”).

The Carried Interest Rate means 20% with respect to each limited partner that was an investor in the Onshore Fund or the Offshore Fund as of the Closing Date and 30% with respect to other limited partners.

Hudson Bay expects to waive the Carried Interest with respect to limited partners who are Hudson Bay employees, partners, members or principals (or their respective estate planning vehicles). In addition, Hudson Bay has entered into a side letter with a single limited partner whereby in exchange for a large capital commitment such limited partner, in addition to certain other provisions, is not charged a Carried Interest until a certain threshold return “hurdle” has been met.

Other Types of Fees or Expenses

MLP Fund investors bear indirectly the fees and expenses charged to the MLP Fund. These fees and expenses typically include, without limitation, the following:

Investment-related expenses (*e.g.*, brokerage commissions, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, clearing and settlement charges, exchange fees, interest expenses and investment/research-related travel and travel-related expenses); research-related expenses, including, without limitation, research-related publications, data and news and quotation equipment and services; fees and expenses of the administrator and other third parties (including on and off-site contractors and consultants) providing administrative, accounting, operations and valuation services; legal expenses (including, without limitation, legal expenses relating to the offering of interests, investment activities, regulatory investigations and/or proceedings relating to the MLP Fund, and regulatory reporting and compliance costs relating to the MLP Fund, such as filing fees and expenses relating to Form PF and Section 13 filings); professional fees and expenses (including, without limitation, fees and expenses of consultants and experts); systems and technology expenses (including, without limitation, investment-related systems and accounting, operations, risk and valuation systems and technology to the extent that they support proprietary or vendor supplied investment and/or research-related systems and processes, and obtaining and storing data required for such systems and technology), such expenses to include, for the avoidance of doubt, the fees and expenses of consultants providing the foregoing; accounting, auditing and tax preparation expenses; costs of printing and mailing reports and notices; organizational expenses; expenses relating to obtaining insurance for members, officers and employees of the General Partner and Hudson Bay; corporate licensing fees and other professional fees; bank service fees; withholding and transfer fees; entity-level taxes; other expenses related to the purchase, sale or transmittal of MLP Fund assets; and extraordinary expenses and other similar expenses related to the MLP Fund.

To the extent any of the foregoing expenses also benefit other Clients, they will be allocated among the various Clients in a manner determined by Hudson Bay in its sole discretion.

Certain services provided to the MLP Fund at its expense by consultants and other independent contractors could, theoretically, be provided by an employee that Hudson Bay would hire at its expense. While Hudson Bay may be subject to a conflict in terms of deciding whether to retain a consultant or hire an employee to perform a task, there may be valid business reasons for a consultant to be hired (*e.g.*, the limited nature of the task or the particular expertise of the consultant).

Please also see “Item 12 – Brokerage Practices” below.

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-based 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. However, to the extent performance-based fees paid by Clients vary (as in the case of the Multi-Strat Funds and the MLP Fund), Hudson Bay may have an incentive to favor one Client over another. Hudson Bay addresses this possible conflict through its trade allocation policy, in which investment opportunities are allocated among Clients according to each Client’s investment objectives and in a fair and equitable manner.

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”). Each of the Funds is 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, insurance companies, banks, etc.), “funds of funds” and high net worth families and individuals.

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

The Multi-Strat Funds

Methods of Analysis, Investment Strategies and Risk of Loss

Hudson Bay’s investment objective on behalf of the Multi-Strat Funds is to target traditional and non-traditional sources of alpha by employing a diverse set of catalyst-driven absolute return strategies that are intended to be uncorrelated to each other and to the major indices. The Multi-Strat 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 Multi-Strat Funds may invest or on the investment strategies which may be employed on behalf of the Multi-Strat Funds. The Multi-Strat 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 Multi-Strat Fund's portfolio may, from time to time, be concentrated in a limited number of positions or strategies.

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

In view of the fact that the Multi-Strat Funds' investment programs include trading as well as investments, short-term market considerations will frequently be involved, and the turnover rate of the Multi-Strat Funds' portfolios is expected to be substantially greater than the turnover rates of other types of investment vehicles. Frequent trading may affect investment performance, particularly through increased brokerage commissions and other transaction fees and expenses.

Hudson Bay is continually developing new, and adapting and refining existing, trading and investment strategies. Its current strategies include convertible arbitrage, merger and event-driven arbitrage, direct equity and debt investing, option and volatility arbitrage and credit trading. 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 any strategy employed by the Multi-Strat Funds may be cross-categorized to the extent that its guiding logic is multidisciplinary.

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.

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.

As of the date of this Brochure, Hudson Bay categorizes its Multi-Strat Fund strategies into the following groups in its reports to investors: (i) event-driven/merger arbitrage (including long/short equity); (ii) volatility trading; (iii) convertibles; and (iv) credit.

Certain of the specific trading techniques that have historically been used for the Multi-Strat Funds are outlined below for illustrative purposes. The following does not purport to be a complete list of all trading strategies employed, and certain of the Multi-Strat Funds’ trades may involve a combination of, or a departure from, these strategies.

- *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, litigation 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.
- *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. This strategy can benefit from relative value discrepancies with reduced stock market risk and may be driven by fundamental analysis of industry sectors.

- *Fundamental Long/Short Equity* – involves taking long positions in undervalued equity securities and short positions in overvalued equity securities. In this strategy, the Multi-Strat Funds often accept some equity market exposure seeking to profit from both security selection and thematic sector or market timing decisions.
- *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.
- *Direct Investments* – involves the purchasing and selling, through private placements or public offerings, of securities offered by companies that are publicly traded. Direct investments generally include private investments in public equity (“PIPEs”) as well as the following investments issued or offered by public companies: (i) convertible debt securities and preferred stock, with and without embedded put and call features; (ii) common stock issued at a discount or implied discount; (iii) warrants, purchased alone or issued in connection with non-convertible debt securities or any of the securities listed above, which warrants may or may not be publicly traded and in which the underlying security may be restricted or unrestricted; (iv) registered direct offerings; (v) confidentially marketed public offerings; and (vi) other structured investments in public

companies. The Multi-Strat Funds are not limited in the types of direct investments they may make and can also invest in, among other things, debt and equity of private companies.

- *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.
- *Credit Strategies* – involve long and short investments in different corporate and asset-backed securities and derivatives, including loan participations and allocations (*i.e.*, interests in a loan, generally governed by a credit agreement between the original lending syndicate) in the secondary market. Other credit-related strategies take various different forms, including (but not limited to) buying and selling different credit-sensitive instruments relating to one issuer, selling “short” bonds of an issuer subject to potential credit deterioration, and buying distressed and high-yield securities offering favorable return profiles.
- *Distressed Strategies* – classical distressed strategy involves acquiring securities and other instruments (bonds, trade claims and/or equity) at the bottom of the capital structure of companies either at risk of, undergoing or exiting bankruptcy — with the objective of receiving equity in the reorganized company. In its classical distressed investments, Hudson Bay will seek to be an active participant and/or leader on creditors’ committees, and will attempt to influence the bankruptcy process so that the post-reorganization holdings of an Underlying Fund are well-positioned for substantial value creation. Liquidations are situations in which a bankrupt debtor is no longer seeking to reorganize as a going concern, and creditors, rather than seeking repayment from exit financing or equity in an ongoing business, seek to maximize recovery from the proceeds of asset sales, litigation or otherwise. This strategy requires an understanding of the legal procedures surrounding liquidation, as well as an examination of the operative documents so as to determine any advantages which certain tranches of debt may have in the liquidation process.
- *Stock Loan Arbitrage* – from time to time, trading opportunities arise based on the ability to borrow or lend certain types of securities, directly or synthetically.
- *Directional Equity, Corporate Debt, Derivatives or Currencies* – These strategies involve trading in equity, debt, derivatives or currencies using technical or fundamental analysis or a combination thereof in anticipation of profiting from movements in the prices of these assets. 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.

Third-Party Ventures

In executing a Multi-Strat Fund’s investment strategies, Hudson Bay may cause the Multi-Strat Fund to enter into joint venture or co-investment arrangements with

unaffiliated third parties, participate in private pooled investment vehicles (including other private investment funds, but specifically excluding, for purposes of the definition below of “Third Party Ventures”, (a) pooled investment vehicles that are publicly traded, such as mutual funds, and (b) pooled investment vehicles managed by Hudson Bay and/or its affiliates) 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.

Term Investments

Generally, the instruments in which the Multi-Strat Funds invest are issued by publicly-traded companies, although from time to time, the Multi-Strat Funds purchase investments that are long-term in nature and/or less liquid than an investment in readily marketable securities. Among other limitations, such investments may be subject to regulatory limitations on resale, including extended holding period requirements, during which period the Multi-Strat Funds may be limited in their ability to liquidate such investments.

A subcategory of Term Investments are investments that Hudson Bay believes will become freely tradeable only after a year (the “Longer Term Investments”). The aggregate net asset value of each Feeder Fund’s exposure to Longer Term Investments generally will not comprise more than 5% of the net asset value of the Multi-Strat Master Fund (measured at the time such investment is made) (the “Longer Term Investment Limitation”). Privately issued securities that are convertible or exercisable into securities that are freely tradeable or are expected to become freely tradeable within a year generally would not fall within this category of investments. A detailed description of the methodology Hudson Bay currently employs in determining which investments constitute Longer Term Investments is set forth in each Feeder Fund’s PPM. If Hudson Bay believes that illiquid opportunities warrant investing in excess of the Longer Term Investment Limitation, it will approach all Multi-Strat Fund investors (to the extent feasible) with a proposal to exceed such amount. Consenting investors will share in these opportunities on a *pro rata* basis.

Trading Vehicles

Although the Multi-Strat Master Fund implements its own investing and trading strategies directly, it also invests through a variety of other legal entities (“Trading Vehicles”), including one or more other funds managed by Hudson Bay or any of its affiliates. The Multi-Strat Funds may also invest directly or indirectly through such Trading Vehicles in certain circumstances.

There are no material restrictions on the strategies, leverage or markets which may be incorporated into the Multi-Strat Funds’ portfolio or the percentage of a Multi-Strat

Fund's assets that may be committed to any particular strategy type, market or instrument. The composition of a Multi-Strat Fund's portfolio, as well as the liquidity profile and the expected position duration of such portfolio, can be expected to change materially over time, as the strategies implement by Hudson Bay continue to evolve.

Material Risks

Investing in securities involves risk of loss that Clients and Multi-Strat 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 Multi-Strat Funds' investments. This summary does not attempt to describe all of the risks associated with an investment in a Multi-Strat Fund. Although no summary can fully describe all of the risks associated with such an investment, each Feeder Fund's PPM contains a more complete description of the risks associated with an investment in that Multi-Strat Fund.

Risk management is a key part of Hudson Bay's investment process. Hudson Bay attempts to monitor the risk parameters of each Multi-Strat 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 in the Multi-Strat Funds 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 Multi-Strat Fund's portfolio.

General Risks

Investment and Trading Risks in General

All investments made by a Multi-Strat Fund risk the loss of capital. No guarantee or representation is made that a Multi-Strat Fund's program will be successful and investment results may vary substantially over time. The past performance of speculative trading strategies such as those implemented by the Multi-Strat Funds is not necessarily indicative of their future results.

Leverage Risk

The use of leverage is integral to many of the Multi-Strat Funds' strategies. The Multi-Strat 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 Multi-Strat Fund's portfolio may be subject.

Volatility Risk

The prices of instruments traded by the Multi-Strat 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 Multi-Strat Funds' strategies that profit from price movements.

Risk of Stagnant Markets

Certain of the Multi-Strat 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 Multi-Strat 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 Multi-Strat 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.

Fraud

Of paramount concern in investments is the possibility of material misrepresentation or omission on the part of a counterparty or an issuer. Such inaccuracy or incompleteness, among other things, may adversely affect the valuation of the collateral underlying an investment or cause funds to be misappropriated. Hudson Bay relies upon the accuracy and completeness of representations made by counterparties and issuers to the extent that it deems such representations to be reasonable, but cannot guarantee such accuracy or completeness.

Custody Risk

The assets of the Multi-Strat Funds are generally held in accounts maintained for them by their banks, prime brokers or in accounts with other market participants. Such accounts are generally not segregated and the assets therein are not titled in the name of the Multi-Strat Fund. Therefore, in addition, because the Multi-Strat Funds' securities are generally held in margin accounts, and the prime brokers have the ability to loan those securities to other persons, a Multi-Strat Fund's ability to recover all of its assets in the context of its bankruptcy or other failure will be further limited. If the banks or brokerage firms selected to act as custodians become insolvent, a Multi-Strat Fund may lose all or a portion of the funds or securities held by those custodians.

Cybersecurity Risk

As part of its business, Hudson Bay processes, stores and transmits large amounts of

electronic information, including information relating to the transactions of the Multi-Strat Fund and personally identifiable information of the investors. Similarly, service providers of Hudson Bay and/or the Multi-Strat Funds, especially the administrator, may process, store and transmit such information. Hudson Bay has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. Hudson Bay's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of Hudson Bay's information systems may cause information relating to the transactions of the Multi-Strat Funds and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed. The service providers of Hudson Bay and the Multi-Strat Funds are subject to the same electronic information security threats as Hudson Bay.

The loss or improper access, use or disclosure of Hudson Bay's or the Multi-Strat Funds' proprietary information may cause Hudson Bay or one or more Multi-Strat Funds to suffer, among other things, financial loss, the disruption of their businesses, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Multi-Strat Funds and the investors' investments therein.

Strategy Risks

Multi-Strategy Approach

Hudson Bay implements a multi-strategy approach. The different strategies combined in a Multi-Strat 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 Multi-Strat 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 Multi-Strat Fund maintains its positions. The Multi-Strat 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 Multi-Strat Fund to close out one or more positions. Such disruptions in the past have resulted in substantial losses for funds employing relative value strategies. Even if a Multi-Strat Fund's relative value investment strategies are successful, they may result in high portfolio turnover, and, consequently, high transaction costs.

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 Multi-Strat 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.

Market Neutral and Hedged Strategies

Although Hudson Bay may invest in positions that are intended to be market neutral, it may be unable to, or decide not to, hedge its positions, and, in such event, a Multi-Strat Fund might sustain a significant risk of loss as a result of changes in the price of unhedged positions. In addition, there is no guarantee that the returns of the Multi-Strat Fund will have a low correlation or be non-correlated with market indices and the Multi-Strat Fund could experience significant losses.

The Multi-Strat Funds also may utilize financial instruments such as commodity interests, forward contracts and interest rate swaps, caps and floors both for investment purposes and to seek to hedge against fluctuations in the relative values of the Multi-Strat Funds' portfolio positions. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Multi-Strat Funds to enter into a hedging transaction at an acceptable price or at a price sufficient to protect the Multi-Strat Funds from the anticipated decline in value of the portfolio position.

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 Multi-Strat 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 Multi-Strat Fund to cover its short sale, with a resulting, and perhaps significant, loss. A Multi-Strat Fund may not otherwise hedge a short position established in anticipation of the failure of an announced transaction.

If a Multi-Strat Fund purchases securities in anticipation of an acquisition attempt or reorganization which does not occur, the Multi-Strat 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 Multi-Strat Fund's purchase of securities and the acquisition or reorganization. In such cases, a

portion of the Multi-Strat Fund's funds would be committed during this period to the securities purchased, and the Multi-Strat Fund would incur an interest expense on the funds it borrowed to purchase the securities.

The Multi-Strat Funds invest in "distressed securities" – debt and equity securities, including obligations of U.S. and non-U.S. entities which are experiencing significant financial or business difficulties. Investments in distressed securities involve a substantial degree of risk. A Multi-Strat Fund may lose a substantial portion or all of its investment in a distressed investment or may be required to accept cash or securities with a value less than the Fund's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such entities. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than in other markets.

The Multi-Strat 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 Multi-Strat 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 Multi-Strat 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 Multi-Strat Fund may invest, there is a potential risk of loss by the Multi-Strat Fund of its entire investment in such companies.

The Multi-Strat Funds may make investments in restructurings that involve companies that are experiencing or are expected to experience severe financial difficulties. These severe financial difficulties may never be overcome and may cause such companies to become subject to bankruptcy proceedings. In such situations, the Fund's investment is subject to the risk that a bankruptcy filing may adversely and permanently impact the value of a company and that high administrative costs may impair the value of the company. In addition, such investments could subject the Fund to certain additional potential liabilities that may exceed the value of the Fund's original investment therein.

Directional Trading

Certain of the positions taken by the Multi-Strat 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 Multi-Strat 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 and Methodologies

Model Risk

Certain of the Multi-Strat 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.

Operational Risk

The Multi-Strat Funds depend on Hudson Bay to develop appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of the Multi-Strat Funds' operations. The Multi-Strat Funds' business is dynamic and complex. As a result, certain operational risks are intrinsic to the Multi-Strat Funds' operations, especially given the volume, diversity and complexity of transactions that the Multi-Strat Funds are expected to enter into daily. The Multi-Strat Funds must be able to process, on a daily basis, transactions across numerous and diverse markets. Consequently, the Multi-Strat Funds rely heavily on the financial, accounting and other data processing systems of Hudson Bay and the administrator. The ability of these systems to accommodate an increasing volume, diversity and complexity of transactions could also constrain the ability of a Multi-Strat Fund to properly manage its portfolio. Systemic failures in the systems employed by the Multi-Strat Funds, Hudson Bay, prime brokers, the administrator and/or counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in the Multi-Strat Funds' operations may cause the Multi-Strat Funds to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage.

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 Multi-Strat Fund of

buying those securities to cover the short position. There can be no assurance that the Multi-Strat 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 Multi-Strat 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 Multi-Strat Fund. In addition, such hedging transactions may result in a poorer overall performance for the Multi-Strat 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 Multi-Strat Fund invests in Third Party Ventures, the Multi-Strat 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 Multi-Strat Fund’s overall portfolio. The Multi-Strat 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 Multi-Strat 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.

Illiquid Portfolio Securities

Occasionally, subject to the Longer Term Investment Limitation, the Multi-Strat Funds may purchase Longer Term Investments. Among other limitations, such investments may be subject to regulatory limitations on resale, including extended holding period requirements, during which period a Multi-Strat Fund may be limited in its ability to liquidate such investments. A Multi-Strat Fund may not be able to readily dispose of

such securities and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

Valuation Risk; Use of Estimates

Valuation agents value the Multi-Strat Funds' positions using the methodologies set forth in the Feeder Funds' PPMs and the administrator calculates the net asset value of the Multi-Strat Funds based on pricing information gathered. Such valuations will affect the Management and Incentive Fees received by Hudson Bay and its affiliates.

The values of the Multi-Strat Funds' positions are based, to the extent possible, on independent third-party pricing sources, which may include quotes provided by brokers and dealers. To the extent available, prices of securities will be obtained from certain independent pricing sources. However, it is not unusual for the prices quoted by dealers for informational purposes to materially exceed the prices at which the same dealers are willing to actually enter into transactions. This discrepancy can cause unexpected net asset value declines if a Multi-Strat Fund is required to sell a position which it had been valuing based upon dealers' marks. Moreover, certain valuations cannot be made on the basis of third-party pricing sources. The fair market value of those investments of a Multi-Strat Fund for which a reliable third-party quote is not available is based on other relevant sources deemed reliable by a valuation agent and other third-party valuation agents as well as Hudson Bay, in their good faith judgment. To the extent that there is a pricing uncertainty beyond acceptable tolerances, the final authority ultimately rests with Hudson Bay to resolve such uncertainty. Hudson Bay will not bear any liability if a price, reasonably believed by it to be an accurate valuation of a particular direct or indirect investment of the Multi-Strat Funds, is subsequently found to be inaccurate.

Hudson Bay must depend on the valuations furnished to it by the Third-Party Ventures. In the case of the Multi-Strat Funds' passive investments with certain Third-Party Ventures, Hudson Bay may have no means of verifying the valuations provided to the Multi-Strat Funds, and such valuations may be subject to material correction and/or restatement over time.

Conflicts of Interest Related to the MLP Fund

In connection with advising the MLP Fund, certain conflicts may arise between Hudson Bay's obligations to the Onshore Fund and/or HBC LLC, a subsidiary of the Onshore Fund, on the one hand, and the MLP Fund, on the other hand. Please see "The MLP Fund – *Methods of Analysis, Investment Strategies and Risk of Loss – Conflicts of Interest*" below.

The MLP Fund

Methods of Analysis, Investment Strategies and Risk of Loss

The MLP Fund is a special purpose, co-investment vehicle designed to invest and divest in one specific investment alongside HBC LLC, a subsidiary of the Onshore Fund. The

MLP Fund's investment program focuses on the acquisition of a single asset and therefore is not a diversified investment program.

HBC LLC and the MLP Fund have acquired convertible preferred interests in a security of a certain master limited partnership (as previously defined, the "MLP"), as well as the underlying units of the MLP and any payments or distributions of any kind made pursuant to the MLP security (as previously defined, the "Asset") targeted by Hudson Bay. HBC LLC has invested and will divest in the Asset at the same time (to the extent reasonably practical to do so) and on the same terms as the MLP Fund.

Hedging Trades; Leverage

The MLP Fund may purchase, sell or enter into a variety of financial instruments in order to hedge its investment in the Asset (as previously defined, the "Hedging Trades"). The MLP Fund may use leverage. While the MLP Fund may not borrow capital to purchase additional interests in the Asset, it may borrow capital to implement the Hedging Trades. Also, certain of the Hedging Trades will have imbedded leverage, such as futures, short selling and options.

Conflicts of Interest

Hudson Bay will be advising both the MLP Fund and HBC LLC with respect to their investment in the Asset. These activities may give rise to potential conflicts of interest.

To the extent practicable, investment and divestment from the Asset will occur at the same time and price as between HBC LLC and the MLP Fund. However, if this is not possible then potential conflicts of interest could arise between Hudson Bay's obligations to HBC LLC and the MLP Fund.

Hudson Bay may cause the Onshore Fund and other funds it advises to buy and sell securities issued by, or derivatives linked to, the MLP. This trading could cause a potential conflict of interest between Hudson Bay's duties to the Onshore Fund and the other funds it advises, and Hudson Bay's duties to the MLP Fund.

Some or all of the amounts paid by HBC LLC and the MLP Fund to the MLP in exchange for the Asset will likely be used by the MLP to repurchase bonds owned by funds advised by Hudson Bay. These repurchase transactions will be on an arm's length basis; however, it is currently expected that the MLP will pay a premium for such bonds. Such transactions could create a conflict between the duties owed by Hudson Bay to the Onshore Fund and other funds it advises that currently own bonds issued by the MLP, on the one hand, and the MLP Fund, on the other hand, which will be providing the MLP with cash.

At times, the MLP Fund may borrow capital from the General Partner, Hudson Bay and/or their affiliates to bridge capital calls until such time as capital contributions have been made by the MLP Fund investors ("Bridge Loans"). Potential conflicts of interest could arise due to their role as a lender to the MLP Fund (if any such Bridge Loans are made) and their duties to the MLP Fund as investment advisers.

Material Risks

Investing in securities involves risk of loss that Clients and MLP 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 MLP Fund's investments. This summary does not attempt to describe all of the risks associated with an investment in the MLP Fund. Although no summary can fully describe all of the risks associated with such an investment, the MLP Fund PPM contains a more complete description of the risks associated with an investment in the MLP Fund.

General Risks

Investment and Trading Risks in General

All investments made by the MLP Fund, including in connection with the Hedging Trades, risk the loss of capital. No guarantee or representation is made that the MLP Fund's program will be successful. The past performance of speculative trading strategies such as those implemented by Hudson Bay or its principals on behalf of other funds or accounts is not indicative of the MLP Fund's performance.

Financing Arrangements; Availability of Credit; Leverage Risk

The MLP Fund may borrow funds when deemed appropriate by Hudson Bay subject to the constraint that the MLP Fund may not borrow capital to acquire additional interests in the Asset. The MLP Fund will likely borrow capital from brokers, banks and other lenders to implement, support and finance its Hedging Trades. Such leverage, which may be substantial, may also be achieved through, among other methods, purchases of securities on margin, leverage of existing positions, the use of options, futures, forward contracts, repurchase and reverse repurchase agreements, swaps, collateralized guarantees provided by affiliates or the MLP Fund or any other financing structures that could allow the MLP Fund to achieve a levered return. The use of leverage will magnify the volatility of changes in the value of the MLP Fund's portfolios and can, in certain circumstances, increase the losses to which the MLP Fund's investment portfolio may be subject.

Any restriction on the availability of credit could adversely affect the MLP Fund's performance. There can be no assurance that the MLP fund will be able to secure or maintain adequate financing or leverage, without which the Hedging Trades may not continue to be viable, advisable or worthwhile.

Reliance on Corporate Management and Financial Reporting

The MLP Fund relies on the financial information made available by the MLP. Hudson Bay has no ability to independently verify such financial information and depends upon the integrity of both the management of the MLP and the financial reporting process in general in making investments for the MLP Fund. Material losses could occur as a result of corporate mismanagement, fraud and/or accounting irregularities at the MLP.

Fraud

Of paramount concern in investments is the possibility of material misrepresentation or omission on the part of a counterparty or the MLP. Such inaccuracy or incompleteness, among other things, may adversely affect the valuation of the collateral underlying an investment or cause funds to be misappropriated. Hudson Bay will rely upon the accuracy and completeness of representations made by counterparties and the MLP to the extent that it deems such representations to be reasonable, but cannot guarantee such accuracy or completeness.

Custody Risk

The Asset will generally be held in book entry form with the MLP. However, the Asset may be, and the Hedging Trades will be, held in accounts maintained for the MLP Fund by its banks, prime brokers or in accounts with other market participants. Such accounts are generally not segregated and the assets therein are not titled in the name of the MLP Fund. Therefore, in addition, to the extent the MLP Fund's securities are held in margin accounts, and the prime brokers have the ability to loan those securities to other persons, the MLP Fund's ability to recover all of its assets in the context of its bankruptcy or other failure will be further limited. In addition, if the banks or brokerage firms selected to act as custodians or their sub-custodians become insolvent, the MLP Fund may lose all or a portion of the funds or securities held by those custodians.

Cybersecurity Risk

As part of its business, Hudson Bay processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the MLP Fund and personally identifiable information of the investors. Similarly, service providers of Hudson Bay and/or the MLP Fund, especially the administrator, may process, store and transmit such information. Hudson Bay has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. Hudson Bay's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of Hudson Bay's information systems may cause information relating to the transactions of the MLP Fund and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed. The service providers of Hudson Bay and the MLP Fund are subject to the same electronic information security threats as Hudson Bay.

The loss or improper access, use or disclosure of Hudson Bay's or the MLP Fund's proprietary information may cause Hudson Bay or the MLP Fund to suffer, among other things, financial loss, the disruption of their businesses, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the MLP Fund and the investors' investments therein.

Risks Related to Certain Instruments Traded

Master Limited Partnerships

The primary holding of the MLP Fund is interests in a security issued by a master limited partnership. Master limited partnerships often have tax benefits because they are pass-through entities for U.S. tax purposes. Master limited partnerships must earn at least 90% of their income from qualified sources in order to qualify for these tax benefits. Most of the qualified sources are natural resources such as oil, gas and petroleum products, coal and other minerals, timber, etc. An investment in a master limited partnership involves risks that differ from those associated with investments in similar equity securities. Holders of master limited partnership interests usually have the rights typically afforded to limited partners in a limited partnership, and as such have limited control and voting rights on matters affecting the partnership. In addition, there is the risk that a master limited partnership could be, contrary to its intention, taxed as a corporation, resulting in decreased returns from such master limited partnership.

In addition, master limited partnerships carry equity-like risks. Owning interests in a security issued by a master limited partnership is riskier than owning bonds issued by the same company. Limited partners of a master limited partnership have no management or voting authority over the issuer, which is also a risk.

Finally, master limited partnerships are generally concentrated in energy-related businesses and are exposed to the risks inherent in the energy sector. The master limited partnership in which the MLP Fund is invested, for instance, depends on domestic and international demand for and production of natural gas and oil, and a reduction in this demand or production could adversely affect the demand or the prices the master limited partnership charges for its services, which could cause the master limited partnership's revenue and cash available for distribution to decrease.

Direct Instruments

The investment in the Asset was structured by Hudson Bay. The Asset will be illiquid (until it is converted) even though the underlying MLP is freely tradeable. There is often no trading market for these types of investments, and the MLP Fund may only be able to liquidate the Asset, if at all, at a disadvantageous price.

The Asset is an unregistered security and involves contractual obligations by the issuer of the Asset requiring the issuer to take certain actions. In order for the MLP Fund's investment strategy to be effective, the MLP which issued the Asset must abide by its contractual obligations; otherwise, the MLP Fund may lose all or a portion its investment.

Derivatives

In connection with Hedging Trades, the MLP Fund may use derivative financial instruments, including, without limitation, warrants, options, swaps, convertible securities, notional principal contracts, contracts for difference, forward contracts, futures contracts and options thereon, and uses derivative techniques for hedging and for other trading purposes. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance, as well as of material and prolonged

deviations between the theoretical and realizable value of a derivative. These anticipated risks (and other risks that may not be anticipated) may make it difficult, as well as costly to the MLP Fund, to close out positions in order either to realize gains or to limit losses.

Illiquid Portfolio Securities

While the MLP is publicly traded, the Asset is a convertible security linked to the MLP and is not publicly traded. Hudson Bay does not expect the convertible security to convert into units of the MLP and thus become freely tradeable in the near future.

Risks Related to Certain Trading and Investing Techniques

Model Risk

Certain of the MLP Fund's hedging strategies may require the use of quantitative valuation 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.

Operational Risk

The MLP Fund depends on Hudson Bay to develop appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of the MLP Fund's operations. The MLP Fund's business is dynamic and complex. As a result, certain operational risks are intrinsic to the MLP Fund's operations, especially given the complexity of transactions that the MLP Fund is expected to enter into. Consequently, the MLP Fund relies heavily on the financial, accounting and other data processing systems of Hudson Bay and the administrator. The ability of these systems to accommodate the Hedging Trades could also constrain the ability of the MLP Fund to properly manage its portfolio. Systemic failures in the systems employed by the MLP Fund, Hudson Bay, prime brokers, the administrator and/or counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in the MLP Fund's operations may cause the MLP Fund to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage.

Short Sales Risk

The MLP Fund's Hedging Trades may require that it sell securities "short." 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 MLP Fund of buying those securities to cover the short position. There can be no assurance that the MLP Fund will be able to maintain the ability to borrow securities sold short. In such cases, the MLP 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 the MLP 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 MLP Fund. In addition, such hedging transactions may result in a poorer overall performance for the MLP 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. Moreover, (1) Hudson Bay may not, in general, attempt to hedge all market or other risks inherent in the Asset, may hedge certain risks only partially, if at all, and may not anticipate certain risks; (2) the Asset will always be exposed to certain risks that cannot be hedged; and (3) Hudson Bay may not be able to hedge the Asset for any reason including, but not limited to, the inability to execute, settle or maintain one or more Hedging Trades.

Item 9. Disciplinary Information

On September 16, 2013 Hudson Bay entered into a settled administrative proceeding with the SEC relating to alleged violations of Rule 105 of Regulation M under the Securities Exchange Act of 1934 without admitting or denying the SEC’s allegations (the “Settlement”). Rule 105 generally prohibits purchasing an equity security from an underwriter, broker or dealer participating in a public offering if the purchaser sold short the security that is the subject of the offering during a restricted period (usually defined as five business days before the pricing of the offering), absent an exception. Rule 105 applies irrespective of any intent to violate the Rule. Pursuant to the Settlement, \$665,674.96 in disgorgement, \$11,661.31 in prejudgment interest and a civil penalty of \$272,118, was borne by Hudson Bay, and not its investors. The Settlement also requires Hudson Bay to cease and desist from committing or causing any violations and any future violations of the Rule. Hudson Bay cooperated with the SEC at all times during its investigation and has implemented procedures for ensuring compliance with the Rule, as well as an internal training program to educate its employees further on its nuances. The SEC order notes that in determining the size of the penalty portion, the SEC considered “remedial acts promptly undertaken” and “cooperation afforded to Commission staff” by Hudson Bay.

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/or incentive fee/allocation or may be subject to a reduced incentive fee/allocation.

As disclosed in the Funds' PPMs, Hudson Bay and/or its affiliates (including its employees) 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, conflict with or compete with the Fund and/or may involve substantial time and resources of Hudson Bay and/or its affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of Hudson Bay and/or its affiliates would not be devoted exclusively to the business of the Funds, but would be allocated between the business of the Funds and such other business activities. Further, by reason of these activities, Hudson Bay may not be able, or may determine not, to initiate a transaction for the Funds that Hudson Bay may have otherwise initiated for the Funds or may reduce the capacity of the Fund to make an investment.

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 generally 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 (as previously defined, the "General Partner") is the general partner of the Onshore Fund and the MLP 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 is registered as an investment adviser in reliance on the Form ADV filed by Hudson Bay Capital.

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 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 the Multi-Strat Funds 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, and consulting with respect to technology, operations, equipment and office space. 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 arrangements under which Hudson Bay guarantees a broker-dealer a certain amount of business in exchange for products or services. However, Hudson Bay may use certain broker-dealers that provide certain research or other products or services to their customers, including Hudson Bay, without being requested to do so, even if such broker-dealers charge more than the lowest available commission available in the market for "execution only" services. 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.

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 and/or regulatory 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, regulatory, or legal reasons, to avoid odd lots, or in cases in which such an allocation would result in a *de minimis* allocation.

Trading Errors

Trading errors are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent

such errors. 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. Currently, the governing provisions of the relevant Fund documents provide that trading errors will be treated as for the account of the Funds absent the fraud, bad faith, gross negligence or willful misconduct of Hudson Bay, its partners, affiliates, agents, officers or employees, unless such standard would be in violation of applicable law.

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

Multi-Strat and MLP Fund investors receive unaudited performance information at least quarterly and audited financial statements on an annual basis. A Multi-Strat or MLP 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. (See Side Letters, Item 4, above.)

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.

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 covered by Rule 206(4)-2 of the Investment Advisers Act of 1940 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 or managing member 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. Multi-Strat and MLP Fund investors do not receive account statements from the custodian; rather, these Funds are subject to an annual audit and the audited financial statements are distributed to each of these Fund investor, pursuant to Rule 206(4)-2(b)(4).

Item 16. Investment Discretion

Hudson Bay provides discretionary investment advisory services to the Funds. Hudson Bay may make investment decisions, without consultation with the Funds or the Fund investors 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 relating to securities held by its Clients (each, a "Client Proxy"), 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, Institutional Shareholder Services ("ISS"), 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 has determined that in a large majority of voting situations, given the time and effort necessary in order to vote a Client Proxy, it is in its Clients' best interests for Hudson Bay to rely on the analyses and vote recommendations provided by ISS (each, an "ISS Recommendation"). In those situations, Hudson Bay need not take any further action, and ISS will vote the Client Proxy on Hudson Bay's behalf in accordance with the ISS Recommendations.⁴

Notwithstanding the foregoing, Hudson Bay always maintains ultimate voting discretion and may disregard an ISS Recommendation at any time. In particular, in situations where Hudson Bay determines that it is in a Client's best interest to vote a Client Proxy in a particular way (the "HBC Proxy Voting Decision"), Hudson Bay will review the ISS Recommendation relating to such Client Proxy, and where the ISS Recommendation differs from the HBC Proxy Voting Decision (or where there is no ISS Recommendation with respect to such Client Proxy), Hudson Bay will specifically instruct ISS to vote the Client Proxy in accordance with the HBC Proxy Voting Decision, in accordance with certain internal procedures applicable to the Proxy Voting Committee.

⁴ The ISS Proxy Voting Summary Guidelines can be accessed at <http://www.issgovernance.com/policy-gateway/2017-policy-information/>.

Included in these procedures are steps Hudson Bay takes that are 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 Client Proxies notwithstanding the existence of the conflict. If it is determined, however, that a conflict of interest is material, Hudson Bay may use one or more methods to resolve the conflict, including directing ISS to recommend a vote with respect to the Client Proxy, disclosing the conflict to the Client and obtaining its consent before voting or such other method as is deemed appropriate under the circumstances.

Since a Client's best interests must, by necessity, be determined on a case-by-case basis, there are no "hard and fast" guidelines that can be applied to Hudson Bay's determination of how to vote Client Proxies to cover all situations. Among the factors Hudson Bay may consider in reaching a HBC Proxy Voting Decision are how a particular Client Proxy vote would affect: (i) fulfillment of an investment thesis concerning a particular strategy (*i.e.*, consummation of a merger or other corporate event); (ii) Client portfolio positions in other parts of the issuer's capital structure; (iii) other contractual rights held by the Client in connection with the securities at issues; (iv) the Client's relationship with the issuer; (v) tax and/or regulatory issues relating to the securities or issuer at issue; and (vi) other facts as circumstances the Proxy Voting Committee identifies depending on the particularities of the situation at hand.

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.