



Part 2A of Form ADV: Firm Brochure

Hudson Bay Capital Management LP

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This brochure (“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

The 2021 annual amendment updated the Brochure to: (a) reflect certain changes to the Funds' expense policy; and (b) provide information concerning the newly-launched Hudson Bay SPAC Master Fund LP and its related entities. Certain additional non-material changes have also been made to this Brochure. Consequently, we encourage you to read this Brochure in its entirety.

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Item 4. Advisory Business

Hudson Bay Capital Management LP (“Hudson Bay Capital” or the “Investment Manager”¹), 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 Capital 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 Capital does not currently provide management services to any managed account.

Hudson Bay Capital’s main office is located in Greenwich, Connecticut. The office of Hudson Bay Capital’s affiliate, Hudson Bay Capital UK LLP (“HBC UK”), is located in London, United Kingdom. HBC UK’s advisory personnel have been seconded to Mirabella Financial Services LLP (“Mirabella”), which serves as a sub-manager to Hudson Bay Capital with respect to Hudson Bay Master Fund Ltd. and HB Fund LLC. Mirabella is authorized and regulated by the Financial Conduct Authority. Hudson Bay also has office locations in Florida, New York and California.

As of December 31, 2020, Hudson Bay Capital managed client assets with a net asset value of approximately \$8.2 billion, all on a discretionary basis.

Hudson Bay Capital currently manages: (i) a multi-strategy hedge fund, comprised of Hudson Bay Fund LP (operating primarily for the benefit of taxable U.S. investors and certain tax-exempt U.S. investors), Hudson Bay International Fund Ltd. (operating primarily for the benefit of non-U.S. investors and certain tax-exempt U.S. investors) and Hudson Bay International Levered Fund Ltd. (operating primarily for the benefit of non-U.S. investors and certain tax-exempt U.S. investors who wish to invest on a more levered basis) (along with their affiliates, including, Hudson Bay Master Fund Ltd., Hudson Bay Intermediate Fund Ltd. and HB Fund LLC, collectively, the “Multi-Strat Funds”); (ii) a hedge fund focused on convertible and other equity-linked and related investments as well as other debt--Hudson Bay Cap Structure Arbitrage Enhanced Fund LP (operating primarily for the benefit of taxable U.S. investors and certain tax-exempt U.S. investors) (along with its affiliate, Hudson Bay Capital Structure Opportunities Master Fund Ltd., the “Capital Structure Fund”); and (iii) a hedge fund focused on investments in publicly traded securities, such as units, common stock, warrants and occasionally rights, issued by special purpose acquisition companies (each, a “SPAC”), formed for the purpose of raising capital to fund initial business combinations (each an “IBC”), comprised of Hudson Bay SPAC Fund LP (operating primarily for the benefit of taxable U.S. investors and certain tax-exempt U.S. investors) and Hudson Bay SPAC International Fund Ltd. (operating primarily for the benefit of non-U.S. investors and certain tax-exempt U.S. investors). Investors are also able to invest in the SPAC portfolio through special SPAC series interests offered by the feeder funds of the Multi-Strat Funds (such SPAC series interests, along with Hudson Bay SPAC Fund LP and

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

Hudson Bay SPAC International Fund LP, along with their affiliates, including Hudson Bay SPAC Master Fund LP, the “SPAC Funds”). The Multi-Strat Funds, the Capital Structure Fund and the SPAC Funds (and, where applicable, their affiliates) are each referred to herein as a “Fund” and collectively, as the “Funds” or the “Clients.”

The Multi-Strat Funds

The Multi-Strat Funds are organized in a master-feeder structure, whereby: (i) Hudson Bay Fund LP (the “Multi-Strat Onshore Fund”) invests all of its investable assets in Hudson Bay Master Fund Ltd. (the “Multi-Strat 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 “Multi-Strat Offshore Fund”), a Cayman Islands exempted company, and (iii) Hudson Bay International Levered Fund Ltd. (the “Levered Fund”), also a Cayman Islands exempted company, each invests all of its investable assets in the Multi-Strat Master Fund (through Hudson Bay Intermediate Fund Ltd. (the “Intermediate Fund”), a Cayman Islands exempted company). The Levered Fund invests its assets on a levered basis, by employing leverage at the Levered Fund level. Hudson Bay Capital has been managing its multi-strategy product since 2006.

Assets of the Multi-Strat Onshore Fund, the Multi-Strat Offshore Fund and the Levered Fund (collectively, the “Multi-Strat Feeder Funds”) are pooled in the Multi-Strat 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 Multi-Strat Offshore Fund or the Levered Fund (for example, originating debt obligations such as loans, notes and other debt instruments or obligations), as well as investments that Hudson Bay Capital believes are not practical or otherwise in the best interest of the Multi-Strat Funds to make through the Multi-Strat Master Fund (“Onshore Investments”), may be made by the HB Fund, and, in such cases, they may not be made by the Multi-Strat Master Fund. The HB Fund may invest excess cash not invested directly in its portfolio in the Multi-Strat Master Fund. Although the Multi-Strat Master Fund currently implements its own investing and trading strategies directly, both the Multi-Strat Master Fund and the HB Fund also invest through a variety of other legal entities (“Trading Vehicles”), including one or more other funds managed by Hudson Bay Capital. Hudson Bay Capital Associates LLC (the “Multi-Strat General Partner”) is the general partner of the Multi-Strat Onshore Fund.² References herein to the Multi-Strat Funds include the Multi-Strat Feeder Funds, the HB Fund, the Multi-Strat Master Fund and/or any other subsidiary trading vehicles, as the context requires.³

² The Multi-Strat Master Fund serves as the managing member of a separate, two-member, limited liability company, HB Measure LLC (“HBM”). In its capacity as managing member, the Multi-Strat Master Fund has delegated all investment discretion for these entities to Hudson Bay Capital. Accordingly, Hudson Bay Capital exercises all investment discretion over HBM. HBM is not “offered” to investors and serves primarily as a special purpose vehicle for a single Multi-Strat Master Fund investment.

³ Throughout this Brochure, references are made to one or more Multi-Strat Funds engaging in

Although the functional currency of the Multi-Strat Funds is in U.S. Dollars, the Multi-Strat Offshore Fund offers separate tranches of Class A shares (the “Foreign Currency Shares”), each of which has the same general provisions as the other Class A shares, but whose functional currencies are in the Canadian Dollar, Japanese Yen and the British Pound, respectively. The Foreign Currency Shares’ will be issued, reported and quoted in their respective currency denominations, the Multi-Strat Management Fee and Performance Allocation (as those terms are defined below) will be calculated in their respective currency denominations and cash payments on redemption will be paid in their respective denominations; notwithstanding that their par value shall be U.S. Dollars. Hudson Bay Capital generally expects to cause the currency exposure of the Foreign Currency Shares to be hedged to minimize, to the extent reasonably practicable, fluctuations in the value of the Foreign Currency Shares arising from fluctuations in the applicable currency exchange rate and expects to engage in transactions, including the purchase and sale of spot and forward contracts, currency options and currency futures contracts to manage U.S. Dollar-foreign currency risks. The expenses of currency conversions and the expenses, profits or losses of currency hedging activities undertaken in relation to the Foreign Currency Shares incurred by the Multi-Strat Master Fund will be allocated to the Foreign Currency Shares. Redemption proceeds of the Foreign Currency Shares will generally be paid on a date following the calculation of the net asset value of the Foreign Currency Shares for the month in which the redemption occurs, but generally no later than 5 business days following the month end of the month after the month as of which the Foreign Currency Shares may be redeemed.

Individual Investor Investment Restrictions

Certain investors (“SRI Investors”) that are subject to a “socially responsible” or other investment mandate which precludes them from participating in profits or losses attributable to certain securities and other investments (“Restricted Investments”) of companies (“Restricted Companies”) have entered into side letter agreements with the Multi-Strat Offshore Fund and Hudson Bay Capital (and may enter into similar relationships in the future with the other Multi-Strat Feeder Funds, including the Multi-Strat Onshore Fund) whereby Hudson Bay Capital uses reasonable efforts to allocate profits and losses attributable to such Restricted Companies away from the SRI Investors’ shares (the “SRI Shares”) and to other investors (“non-SRI Investors”) who are not SRI Investors (the “Restricted Investment Reallocation”). In cases where a single investment thesis or idea is manifested through a group of positions, including related hedges, one of which is an investment in a Restricted Company, as a general matter, Hudson Bay Capital will treat the entire group of investments as a Restricted Investment even if certain of the positions in the group are not securities or other instruments of Restricted Companies. In certain cases, where this general rule results in outcomes Hudson Bay Capital deems suboptimal, alternate rules may be applied. Because Restricted Investments may include hedges (internal and otherwise) in the Investment Manager’s discretion, the Restricted

investment/trading activity. As set forth above, currently, only the Multi-Strat Master Fund and HB Fund are permitted to make direct investments into portfolio companies, and nothing herein shall be read to suggest otherwise.

Investments Reallocation may result in a different allocation of profits and losses to the SRI Investors and the non-SRI Investors than would have occurred had there been no hedges (internal or otherwise). Hudson Bay Capital retains complete discretion in determining the methodology used to determine the Restricted Investments Reallocation.

The SRI Shares are not managed as a segregated, or even separate portfolio; *i.e.*, the performance of the SRI Shares will be derived, *inter alia*, by removing the profits and losses associated with the Restricted Investments from the overall profits and losses associated with the Multi-Strat Offshore Fund's portfolio. As a consequence, other shares of the Multi-Strat Offshore Fund may be adversely (or positively) affected by Hudson Bay Capital's compliance with the specific investment criteria applicable to the SRI Shares to the extent such investment criteria cause the other shares to have different exposures and weightings than would otherwise be applicable to the Multi-Strat Offshore Fund's portfolio in the absence of the SRI Shares.

Special Opportunity Investments

Hudson Bay Capital and/or its affiliates may, from time to time, offer one or more investors in the Funds and/or other third-party investors (including, without limitation, Hudson Bay Parties (as defined below)) (each such party, a "Special Opportunity Investor") the opportunity to co-invest alongside or independent of the Multi-Strat Funds in a particular investment or strategy or a portfolio or basket of investments or strategies, whether or not identified at the time of offering (each such co-investment opportunity, a "Special Opportunity Investment", which, for the avoidance of doubt, will not include the portion of any investment made by a Multi-Strat Fund for its portfolio). A Special Opportunity Investment may be an investment that is not in the Multi-Strat Fund's portfolio. Hudson Bay Capital and/or its affiliates expect to offer such Special Opportunity Investments when the size of the opportunity exceeds the amount of capital that Hudson Bay Capital or its affiliates believe should be invested by, or when the opportunity is in the view of Hudson Bay Capital, inappropriate for, the Multi-Strat Fund. Special Opportunity Investments need not be offered to investors in the Multi-Strat Fund or, if offered to investors in the Funds, need not be offered on a pro rata basis; rather they may be offered based on factors deemed by Hudson Bay Capital and/or its affiliates to be relevant such as, but not limited to: the nature of the opportunity; size of commitment; fees associated with such investment; speed of execution required; tax considerations; such persons' familiarity with and, capability and history of, making similar investments; such person's prior expressions of interest in making special opportunity investments; the ability of such persons to generate future investment opportunities or provide other benefits to the Funds, Hudson Bay Capital and/or its affiliates including analytical and market advice or other expertise that may be valuable.

To the extent a Multi-Strat Fund determines to offer a Special Opportunity Investment and one or more Special Opportunity Investors determine to participate in such Special Opportunity Investment, the Multi-Strat Fund will issue a new series of interests to represent the Special Opportunity Investors' participation in such Special Opportunity Investment. Hudson Bay Capital and/or its affiliates are not required to offer Special Opportunity Investments to any existing Fund investor or third-party investor and no

person will be entitled (or obligated) to participate by reason of being an investor in a Fund. The decision of Hudson Bay Capital and/or its affiliates to offer (or not to offer) indirect participation in a Special Opportunity Investment to any Fund investor will be made in its sole discretion. If it is determined to offer indirect participation in any Special Opportunity Investment to an investor, Hudson Bay Capital and/or its affiliates will provide the details of such opportunity at the time the offer is communicated to such prospective investor.

The Multi-Strat Fund offering a Special Opportunity Investment will establish a new series of interests or shares (each, a “Special Opportunity Investment Series”). Hudson Bay Capital intends that Special Opportunity Investments, together with any related trading and hedging, will be made through special purpose vehicle(s) owned by one of the Multi-Strat Funds (a “Master SPV”) utilizing the assets contributed by Special Opportunity Investors in the relevant series; *provided, however*, Hudson Bay Capital and/or its affiliates, in their discretion, may determine to cause a Multi-Strat Fund to make Special Opportunity Investments directly and not through a Master SPV. To the extent Hudson Bay Capital and/or its affiliates determines to cause a Multi-Strat Fund make Special Opportunity Investments and/or any related trading or hedging directly, the Multi-Strat Fund, and not the Master SPV, will make investments and/or conduct trading and hedging on behalf of the particular Special Opportunity Investment Series.

The particular terms of each Special Opportunity Investment Series including, without limitation, the timing of investment, capital calls, fees and withdrawal/redemption rights will be as provided in a notice provided by Hudson Bay Capital and/or its affiliates to the Special Opportunity Investors concerning the Special Opportunity Investment (each, a “Special Opportunity Investment Notice”). Under the terms of a Special Opportunity Investment Notice, interests in Special Opportunity Investment Series may or may not be withdrawn at the election of their holder. Certain Special Opportunity Investment Series may be close-ended and require the holder of Special Opportunity Investment interests to continue to indirectly participate in the Special Opportunity Investment to which they relate until that investment is sold or liquidated. Other Special Opportunity Investment Series at the discretion of Hudson Bay Capital and/or its affiliates may be open-ended and the holders may have the opportunity to redeem/withdraw their investment on a periodic basis as specified in the Special Opportunity Investment Notice.

SPAC Interests

To date, the Multi-Strat Funds have issued one Special Opportunity Investment Series, a SPAC Series Shares/Interests (the “SPAC Interests”). The SPAC Interests engage in a strategy of investing in publicly traded securities issued by special purpose acquisition vehicles (“SPACs”) formed for the purpose of raising capital to fund an initial business combination, through a merger, capital stock exchange, asset acquisition or other transformative transactions, of one or more operating businesses or assets that are typically not publicly listed, as more fully discussed below in the section titled, “The SPAC Funds,” below. Investors may access the SPAC Interests through the Multi-Strat Onshore Fund and/or the Multi-Strat Offshore Fund. All of the investable assets attributable to the SPAC Interests will be invested in Hudson Bay SPAC Master Fund

LP. In addition, Hudson Bay Capital has established two dedicated feeder funds, Hudson Bay SPAC International Fund LP, a Cayman Islands exempted limited partnership, and Hudson Bay SPAC Fund LP, a Delaware limited partnership, which serve as other access points for investors to invest in Hudson Bay SPAC Master Fund LP. See “The SPAC Funds” below.

PM Tranches

Certain of the Multi-Strat Funds may also issue tranches and/or classes of shares/interests or Special Opportunity Investment shares/interests corresponding to the investment strategy (or a sub-strategy to the extent there are multiple investment strategies managed by a particular portfolio manager) 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 Hudson Bay Capital will be eligible to subscribe for a PM Tranche.

The Capital Structure Fund

Hudson Bay Cap Structure Arbitrage Enhanced Fund LP (the “Capital Structure Feeder Fund”), a Delaware limited partnership, invests substantially all of its assets through a “master-feeder” fund structure in Hudson Bay Capital Structure Opportunities Master Fund Ltd. (the “Capital Structure Master Fund”), a Cayman Islands exempted company (together, as previously defined, the “Capital Structure Fund”).⁴ Hudson Bay Capital may form one or more additional feeder funds in the future to invest in the Capital Structure Master Fund. The General Partner is the general partner of the Capital Structure Fund.

The Capital Structure Fund pursues its investment objective and strategies primarily in the United States, but may also invest on a global basis. The Capital Structure Fund implements a number of different strategies in its portfolio, including but not limited to convertible arbitrage, relative value, capital structure arbitrage and other credit-related strategies. Although the Capital Structure Fund’s overall focus is on convertible and other equity-linked and related investments as well as other debt, there are no material limitations on the markets, strategies, instruments or countries in which Hudson Bay Capital may trade on behalf of the Capital Structure Fund, and the Capital Structure Fund is not subject to any specific diversification requirements with respect to the issuers, product types or amount of leverage that may be incorporated in its portfolio, except as may be dictated by applicable laws.

⁴As the Capital Structure Feeder Fund may make investments or enter into transactions directly or indirectly through the Capital Structure Master Fund or other vehicles, references to the term “Capital Structure Fund” in this Brochure should be understood to mean the Capital Structure Feeder Fund, the Capital Structure Master Fund and/or any other vehicle through which the Capital Structure Feeder Fund makes investments or enters into transactions.

The Capital Structure Fund uses leverage, which will be substantial, but there is no assurance that the desired level of leverage will be available on acceptable terms, or at all. Within the Capital Structure Fund's overall focus on investments in convertible and other equity-linked and related Securities, the Capital Structure Fund's portfolio may from time to time be concentrated, possibly materially, in a particular market, strategy, instrument type or country.

On an ongoing basis, the Capital Structure Fund's portfolio evolves as new market sectors, instruments, strategies and techniques are incorporated by Hudson Bay Capital and others are discontinued or modified. The Capital Structure Fund's portfolio and its performance can be expected to differ materially over time.

The SPAC Funds

The SPAC Funds are organized in a master-feeder structure, whereby: (i) Hudson Bay SPAC Fund LP (the "SPAC Onshore Fund") and (ii) Hudson Bay SPAC International Fund LP (the "SPAC Offshore Fund"), each invests all of its investable assets in Hudson Bay SPAC Master Fund LP (the "SPAC Master Fund"), a Delaware limited partnership. As noted above, Hudson Bay Capital has also established a series of interests in the Multi-Strat Onshore Fund and a series of shares in the Multi-Strat Offshore Fund (collectively referred to herein as the "SPAC Interests") that each invests in the SPAC Master Fund. The SPAC Onshore Fund, the SPAC Master Fund and, to the extent the context requires, the SPAC Series, are collectively referred to herein as the "SPAC Feeder Funds."⁵

The investment objective of the SPAC Funds is to achieve a positive risk adjusted return by investing in publicly traded securities, such as units, common stock, warrants and occasionally rights, issued by SPACS formed for the purpose of raising capital to fund an IBC, through a merger, capital stock exchange, asset acquisition or other transformative transactions, of one or more operating businesses or assets that are typically not publicly listed.

Side Letters

The Funds and, in certain cases, Hudson Bay Capital, have the discretion 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 Funds to the extent permitted by applicable law. Such terms may relate to certain withdrawal rights, fees and expenses, portfolio level information rights or different participation in profits and losses of certain securities ("Favorable Terms"), or other matters. To effect such waivers or modifications or the grant of any special or more Favorable Terms or any other terms, the Funds may create additional classes, sub-classes, tranches or series of interests for certain investors or Hudson Bay Capital may establish additional feeder funds that provide for these

⁵ Throughout this Brochure, references are made to one or more of the SPAC Funds engaging in investment/trading activity. As set forth above, currently, only the SPAC Master Fund is permitted to make direct investments into portfolio companies, and nothing herein shall be read to suggest otherwise.

differing rights, without providing notice to, or receiving consent from, the investors. Certain of such waivers, modifications or grants of special or more Favorable Terms have been effected by the Funds, and, in certain cases, Hudson Bay Capital, through side letters. Certain side letters may enable certain investors to receive reports and have access to information regarding the Funds' portfolio that might only be available to other investors upon direct request from such investor. Accordingly, certain investors may be privy to certain information regarding the Funds that may not be available to other investors and such investors may make investment decisions with respect to their investment in the Funds based on such information, including requesting redemptions.

Although certain investors may invest with different material terms, the Funds and Hudson Bay Capital will only offer such terms if they believe other investors will not be materially disadvantaged. The Funds or Hudson Bay Capital, 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 Terms granted to certain investors in the Multi-Strat Funds (other than current and former members and employees of Hudson Bay Capital, 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 (the "Comparable Investors"); 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, obligations or terms imposed on an investor relating to its investment in the Multi-Strat Funds. For the avoidance of doubt, the term "Comparable Investors" refers only to investors who are investors at the time a new Favorable Term(s) is granted; new investors will not necessarily be offered Favorable Terms previously granted to existing investors, regardless of whether they invest an equal or greater amount in the Multi-Strat Funds than such Comparable Investors. Other rights and investment terms that do not constitute Favorable Terms may not be offered to such other existing investors.

Item 5. Fees and Compensation

Management Fee/Performance Allocation

Hudson Bay Capital typically charges investors in the Funds fees and or performance allocations that are based upon a set percentage of assets under management and/or performance. These fees/performance allocations are deducted directly from the applicable Fund's account. Detailed disclosure about the fees/performance allocations 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. Investors and prospective investors in the Multi-Strat Funds should refer to the operative PPM of each Fund for a detailed description of the relevant fee structure. Hudson Bay Capital's fee schedule is omitted because this Brochure is only being delivered to qualified purchasers as defined in the U.S. Investment Company Act of 1940, as amended ("Company Act").

Other Types of Fees or Expenses

Multi-Strat Funds

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

- (i) costs, fees and expenses incurred by the Multi-Strat Funds investigating, developing, negotiating, structuring, purchasing, disposing of, trading, hedging, monitoring, valuing, terminating and holding investments, whether or not consummated by the Multi-Strat Funds, and other investment-related fees and expenses of the Multi-Strat Funds (e.g., brokerage commissions, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, including dividend and stock borrowing costs, transaction fees, custodial fees, clearing and settlement charges, and exchange fees);
- (ii) fees and expenses related to investment research and development of strategies, including research-related fees and expenses and due-diligence fees and expenses including, without limitation, research-related publications (which may include general news publications, periodicals, subscriptions and database services including related news and quotation equipment used to obtain such services), investment, due diligence and research-related travel and travel-related expenses (i.e., transportation, lodging and meals, and such expenses, collectively, “Travel Expenses”) and expert network fees and expenses;
- (iii) professional fees and expenses of investment bankers, consultants (including management consultants), accountants, attorneys (including secondees attorneys), appraisers, experts, public relations firms and Valuation Agents utilized in researching, diligencing, monitoring, pricing, accounting, facilitating and ongoing management of the Multi-Strat Funds’ investments;
- (iv) fees and expenses for industry conferences, symposiums, meetings or similar gatherings that are related to the purchase, sale or transmittal of, or due diligence regarding, the investments of the Multi-Strat Funds, whether or not such investments are consummated by the Multi-Strat Funds, that are incurred by the Investment Manager; fees and expenses related to preparing for, attending and/or participating in conferences, organizations, symposiums, meetings or similar gatherings and meetings with *inter alia* industry or corporate leaders or spokespersons, physicians, representatives from academia, scientists, investors, politicians, journalists, government or quasi-government officials and representatives and/or other key opinion leaders, (including Travel Expenses, fees, membership dues, expenses and costs associated with attending, joining, participating in or preparing for such events, conferences, organizations, symposiums, meetings or similar gatherings, including the fees, costs and expenses

- of third-party consultants for presentations and speech writing as well as all costs in developing and preparing content for such events);
- (v) fees and expenses of proxy research and voting services;
 - (vi) fees and expenses of any on or off-site third-party advisers, contractors, consultants, experts and other third-party service providers providing administrative, accounting, operation, risk management, valuation, pricing and modeling services (including the fees and expenses of the administrator and any Valuation Agent, as defined herein) and other services, including the Travel Expenses for such third-party service providers;
 - (vii) legal and other professional fees and third-party expenses relating to the marketing, offering and sale of interests and the ongoing management of the Multi-Strat Funds (including, without limitation, fees and expenses of legal counsel of the Multi-Strat Funds relating to the updating of the Multi-Strat Funds' offering and governing documents, the negotiation and/or drafting of side letters (to be charged at the Multi-Strat Master Fund level) and/or vendor contracts, ongoing investor relations and investor servicing (including compliance with reporting obligations to investors)); costs associated with complying with marketing and/or offering rules of any jurisdictions, compliance with filings and registrations with countries' laws or regulations, negotiation of vendor contracts (or any similar reporting and/or withholding regimes in any jurisdiction) and regulatory reporting and compliance costs attributable or relating to the Multi-Strat Funds, such as filing fees and expenses relating to Form PF and Section 13 filings, Hart-Scott-Rodino, exchange filings, court filings and other similar filings and any additional regulatory filings that may be required in the future; and other legal and professional fees and expenses relating to investment activities, custody, brokerage, clearing, financing and credit arrangements;
 - (viii) fees and expenses relating to regulatory or similar investigations or proceedings, inquiries or "sweeps", fees and expenses related to tax audit related to the Multi-Strat Funds and any fees and expenses related to any settlement, litigation, proceeding, arbitration, and investigation (collectively, "Litigation") and/or threatened Litigation, with respect to both current and past investments;
 - (ix) fees and expenses of the Investor Representative (as defined below);
 - (x) any and all systems and technology expenses incurred by the Investment Manager, including, without limitation, all hardware, software and data costs and expenses, and all investment-related systems, accounting, treasury and operations systems, compliance and trade surveillance systems, order management systems, risk management systems, investor reporting systems and platforms, contact relationship management systems, data warehousing expenses, data and news and quotation equipment and services, software development expenses, business continuity, and remote working expense and valuation systems and other

systems and technology to the extent that they support the Investment Manager's business and/or proprietary or vendor supplied systems and processes, such expenses to include, for the avoidance of doubt, the fees and expenses of on or off-site third-party consultants or contractors providing the foregoing and the cost of obtaining and storing data required for such systems and technology (collectively, "Technology Expenses"); and all Compensation Costs of the personnel employed by the Investment Manager or its Affiliates in its Information Technology Department (the "HBC IT Department Employees");

- (xi) all costs and expenses relating to the recruiting of personnel of the Investment Manager and its affiliates including the hiring, interviewing and onboarding of such personnel whether or not such personnel accept employment with the Investment Manager (such as Travel Expenses, recruitment fees and retainers paid, internal referral payments, certain upfront compensation, background checks, relocation expenses, and buy-out and retention payments, including buyouts of prior deferred compensation or other incentive plans attributable to previous employers, payable to employees and other incentive and compensation plans and legal expenses related to the hiring of investment personnel) and all Compensation Costs of the personnel employed by the Investment Manager to recruit personnel on behalf of the Investment Manager and its affiliates ("HBC Recruiters") and any person reporting to and supporting HBC Recruiters ("Recruiting Expenses");
- (xii) Compensation Costs of all persons (each a "PM Supporting Professional") who are employed, or are retained as on or off-site third-party advisers, contractors, or consultants, by the Investment Manager or its affiliates and who report to, directly or indirectly, and support and/or work on behalf of, one or more portfolio managers employed by the Investment Manager or its affiliates who report directly to the Chief Investment Officer of the Investment Manager or its affiliates (a "Portfolio Manager"); provided, however, for the avoidance of doubt, the Investment Manager's Chief Investment Officer is a Portfolio Manager for this purpose with respect to the portfolio managed by him. As used herein, "PM Supporting Professionals" do not have ultimate responsibility for the profits and losses of a Portfolio Manager's portfolio or the ultimate discretion in the management thereof, but may engage in investment and trading activities with respect to a Portfolio Manager's portfolio under the supervision of, and subject to, parameters established by the supervising Portfolio Manager(s). For the avoidance of doubt, the Investment Manager shall bear the Compensation Costs of Portfolio Managers and any person who is an investment professional who does not report to, or support, a Portfolio Manager;
- (xiii) management fees, incentive fees and allocations of any kind and any other fees and expenses that are paid to any third-party managers and investment advisors,

- including, but not limited to, managers and advisers to Third-Party Ventures (as defined below)⁶;
- (xiv) accounting, auditing and tax preparation fees and expenses such as fees and expenses of preparing, creating, printing, copying, and distributing financial statements, tax returns, financial information and reports to the investors;
 - (xv) costs and expenses of communicating with, maintaining records relating to, and preparing, printing and mailing presentations, reports and notices to, investors and prospective investors or other third-parties excluding Travel Expenses incurred by Investment Manager personnel to meet with investors or prospective investors or other third-party representatives of investors or prospective investors;
 - (xvi) organizational expenses;
 - (xvii) fees and expenses relating to directors' and officers' liability insurance, errors and omissions insurance, and other similar policies for the Investment Manager, the Board of Directors and their respective members, officers and employees and members of the boards of directors of the Multi-Strat Funds (including those Trading Vehicles that are affiliated with the Investment Manager) and all fees and expenses with respect to the Multi-Strat Funds' indemnification obligations (and any advancements thereof) and other related expenses;
 - (xviii) fees and expenses (including, without limitation, director registration fees) of the Multi-Strat Funds' directors;
 - (xix) costs of annual or special meetings of, and presentations to, investors;
 - (xx) Management Fees;
 - (xxi) fees and expenses related to the maintenance of the registered office of the Multi-Strat Funds and other similar fees and expenses;
 - (xxii) bank service fees;
 - (xxiii) withholding and transfer fees;
 - (xxiv) taxes;
 - (xxv) other expenses related to the purchase, sale or transmittal of Multi-Strat Fund assets;

⁶ A Third-Party Venture may be subject to additional fees and expenses that are not listed above.

- (xxvi) costs of any audit, investigations, administrative or other proceedings, Litigation and threatened Litigation and proceedings relating to activity of the Multi-Strat Funds;
- (xxvii) fees and expenses associated with any tax or other audit, investigation, regulatory matter, settlement or review of the Multi-Strat Funds
- (xxviii) “broken deal” expenses; and
- (xxix) extraordinary expenses and other similar expenses related to the Multi-Strat Funds. A portion of research-related expenses may be paid for using “soft dollars” (i.e., commission dollars and transaction fees generated through agency and certain riskless principal transactions).

As used herein, “Compensation Costs” means: (1) with respect to an employee of the Investment Manager or any of its affiliates, any cost of compensating the applicable employee, including all base compensation and benefits paid to such employees (including, but not limited to, healthcare contributions, premiums and claims, payroll, withholding and similar taxes, workers’ compensation contributions, 401(k) and similar retirement or savings plan contributions and administration fees, professional dues and professional development related expenses, the costs of industry conferences, tuition and commuter reimbursement plans, and other prerequisites incidental to an employees’ position and function); legal fees and expenses related to or incurred in connection with hiring, counseling and terminating such employees; any bonuses paid to such employees (including buy-out, supplemental, retention, discretionary, phantom equity and formulaic bonuses of any kind) and any severance payments made to such employees and (2) with respect to any person that is not an employee of the Investment Manager, management fees, incentive fees and allocations of any kind and any other expenses that are paid to such person as remuneration for services. The Multi-Strat Funds will bear their share of Compensation Costs of those individuals referenced above even where a portion of their time may be spent on matters unrelated to their main job functions.

As used herein, the term “Additional Technology Costs” means all Technology Expenses not in any way related to, associated with or otherwise supporting the accounting, investment, research, trading, treasury and risk functions and the Compensation Costs of the HBC IT Department Employees.

Prior to February 1, 2021, the Additional Technology Costs, Recruiting Expenses and Compensation Costs of PM Supporting Professionals were borne by Hudson Bay Capital, rather than the Multi-Strat Funds. The total amount of these expenses that are charged to the each of the Multi-Strat Funds are subject to annual caps through December 31, 2023 as specified in the PPMs of each Multi-Strat Fund.

To the extent the Investment Manager agrees to (i) lower cap rates relating to Additional Technology Costs, Recruiting Expenses and Compensation Costs of the HBC employed PM Supporting Professionals from those referenced above, (ii) cap other types of

operating expenses or (iii) not allocate certain expense types charged to certain Other Accounts or investors in the Multi-Strat Funds and Other Accounts, for allocation purposes, the Investment Manager will pay for these waived expenses rather than charging additional amounts to the Multi-Strat Funds and the Other Accounts.

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 Capital and/or an affiliate.

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

The Capital Structure Fund

The Capital Structure Fund investors bear indirectly the fees and expenses charged to the Capital Structure Fund (including any trading subsidiary’s expenses). These fees and expenses are substantially identical to the fees and expenses borne by the Multi-Strat Funds (including any expense caps applicable thereto). See the subsection titled, “Other Types of Fees and Expenses” in the Multi-Strat Funds discussion above.⁷

In addition to the expense caps discussed above, by means of individually-negotiated arrangements, the Operating Expenses allocable to certain early stage investors of the Capital Structure Fund are subject to an expense cap, calculated as a fixed percentage of the Capital Structure Fund’s average net asset value for the fiscal year (the “Expense Cap”). In the event such investors’ allocable share of the Capital Structure Fund’s Operating Expenses for a fiscal year exceeds the Expense Cap, Hudson Bay Capital and/or its affiliates, and not the early stage investors, will pay the allocable amount over the Expense Cap. Operating Expenses for this purpose means the operating expenses as set forth in the Capital Structure Fund’s Consolidated Audited Financial Statements other than organizational and offering expenses, the Capital Structure Fund Management Fee and Incentive Allocation, quotation fees and market data fees and extraordinary expenses.

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

The SPAC Funds

The SPAC Fund investors bear indirectly the fees and expenses charged to the SPAC Funds (including any trading subsidiary’s expenses). These fees and expenses are substantially identical to the fees and expenses borne by the Multi-Strat Funds, *except* that there are *no* expense caps applicable to the SPAC Funds’ expenses. See the subsection titled, “Other Types of Fees and Expenses” in the Multi-Strat Funds

⁷ References in the “Other Types of Fees and Expenses” in the Multi-Strat Funds section to the Multi-Strat Fund refer to the Capital Structure Fund in this section, and references in the Multi-Strat section to the PM Tranches and Special Opportunity Investment Series are inapplicable here.

discussion above.⁸

Expenses Among Multiple Accounts

To the extent any of the foregoing expenses are attributable to multiple Clients, such expenses will be allocated among such Clients in a manner as determined by Hudson Bay Capital in its sole discretion to be fair and reasonable, in accordance with Hudson Bay Capital's Expense Allocation Policy. (See Item 11—Conflicts of Interest — “Allocation of Expenses,” below.)

Generally, expenses attributable to a client that is a private fund will be shared on a *pro rata* basis among each investor account, provided that investor-specific expenses (including investor-related taxes) may be borne by the investor to which they relate.

Waiver/Modification of Fees/Performance Allocations

Hudson Bay Capital reserves the right to reduce, waive or calculate differently the Management Fee and/or Performance Allocation with respect to any investor (and has done so on occasion), including, without limitation, investors that are: (i) present or former employees or principals of Hudson Bay Capital (“Hudson Bay Insiders”); (ii) a member of the immediate family of any Hudson Bay Insider; (iii) any fund or account managed by Hudson Bay Capital for the principal use of any of the foregoing persons described in clauses (i) or (ii); or (iv) a trust or other entity established for the benefit of any Hudson Bay Insider or any member of the immediate family of any Hudson Bay Insider (any of the foregoing, a “Hudson Bay Party” and collectively, the “Hudson Bay Parties.”) Currently, Hudson Bay Parties invested directly in the Funds are not charged a Management Fee and are not subject to a Performance Allocation or are subject to a reduced Performance Allocation. By means of individually-negotiated arrangements, certain investors pay a reduced Management Fee in exchange for a substantial investment and reduced liquidity.

Trading Vehicle Fees

Certain of the Funds are authorized to enter into arrangements to invest in entities managed by or affiliated with Hudson Bay Capital (including, for this purpose, individuals or entities that provide their services exclusively to Hudson Bay Capital or its affiliates or clients). In such cases, to the extent necessary to avoid two layers of compensation to Hudson Bay Capital and/or its affiliates, any fixed asset-based fees and/or performance-based compensation due to Hudson Bay Capital or its affiliates will reduce the Management Fee and/or Performance Allocation payable to Hudson Bay Capital, as applicable, provided that where such entity is owned in part by Hudson Bay Capital and/or its affiliates 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

⁸ References in the Multi-Strat Fund section to the Multi-Strat Funds refer to the SPAC Funds in this section, and references in the Multi-Strat section to the PM Tranches, the Special Opportunity Investment Series, board/director fees and expense caps are inapplicable here.

will be treated as an expense of the Fund and the amount that is attributable to Hudson Bay Capital and/or its affiliate will reduce, dollar-for-dollar, the Management Fee and/or Performance Allocation. If the fixed asset-based fees payable by and/or performance-based compensation due to Hudson Bay Capital and/or its affiliate would exceed the combined Fund Management Fee and Performance Allocation, the amounts payable to such affiliate will be reduced so that there is no excess.

Ancillary Fees/Incidental Benefits

Hudson Bay Capital and/or 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 Capital 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 Capital and its affiliates, including all income unrelated to the Funds’ activities, will reduce the Management Fees or Performance Allocations, and the Funds will not participate in any such income.

Hudson Bay Capital and/or its affiliates can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will neither be subject to an offset against any Management Fees payable to the Funds, nor will otherwise be shared with the Funds and/or investors. For example, airline travel or hotel stays incurred as Fund or account expenses typically result in cash rebates, “miles,” credit card “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to Hudson Bay Capital and/or its affiliates and/or such personnel (and not the Funds and/or investors) even though the cost of the underlying service is borne by the Funds and/or investors.

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

As stated in “Item 5 – Fees and Compensation” above, generally all Hudson Bay Capital Clients are subject to payment of a performance-based fee. In measuring a Client’s net profits for the purpose of calculating performance-based compensation, Hudson Bay includes unrealized capital gains and losses and, as a result, the performance-based compensation may be based on gains that investors never ultimately realize. To the extent performance-based fees paid by Clients vary, Hudson Bay Capital may have an incentive to favor one Client over another. Hudson Bay Capital 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 manner that Hudson Bay Capital believes to fair and equitable over time.

Item 7. Types of Clients

As described in “Item 4 – Advisory Business” above, Hudson Bay Capital 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 Capital 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 Funds⁹

Methods of Analysis, Investment Strategies and Risk of Loss

The investment objective of the Multi-Strat Funds is to target traditional and non-traditional sources of alpha by employing a diverse set of 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 Capital currently categorizes its strategies into the following five groups in its reports to investors: (i) event-driven/merger arbitrage; (ii) long/short equity; (iii) volatility trading; (iv) convertibles; and (v) 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.

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

Hudson Bay Capital is continually developing new, and adapting and refining existing, strategies. Its current strategies include convertible arbitrage, merger and event-driven arbitrage, direct equity and debt investing, options and volatility arbitrage and credit trading. Hudson Bay Capital’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.

⁹ Investors in the SPAC Interests are directed to the section below captioned, “The SPAC Funds,” which describe the Methods of Analysis, Investment Strategies and Risk of Loss applicable to the SPAC Interests, and to the section titled “Risks Related to Special Opportunity Investment Interests,” below.

Relative Value Strategies

Relative value strategies seek to profit from the relative mispricing of related assets: *e.g.*, convertible bonds and the common stock underlying the conversion option, other options and futures and their underlying reference assets, debt instruments of the same issuer or of different issuers (including credit default swaps on the issuer(s)) 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 (often theoretically compelled) 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 (which may be based on subjective evaluation of the strength of management, the prospects for the business or other factors), 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. These strategies are subject to the risk that the portfolio managers will have incorrectly identified fair value or that such fair value will not be reflected in market value within the time horizon of the strategy.

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 Capital believes the market will revalue and the elimination through hedging of the factors that may cause the market not to do so.

Hybrid and Other Strategies

Hudson Bay Capital will design and implement strategies incorporating elements of relative value, event-driven and directional approaches, as well as such other opportunistic investment tactics, as Hudson Bay Capital may consider advantageous from time to time.

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

Certain of the specific trading strategies and techniques (including sub-strategies) 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 which 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.
- *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 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 Capital 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. A variant of the direct investment strategy is the purchase of publicly traded, SEC-registered securities of special purpose acquisition companies (so-called SPACs) (see the discussion under “The SPAC Funds” below). 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.
- *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.
- *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, buying distressed and high-yield securities offering favorable return profiles; buying and selling protection in credit default swaps and credit default swap indices, options and tranches versus similar instruments and/or versus other instruments (*e.g.*, equity ETFs) to express views on segments of the credit markets; and some combination of all of the above.

- *Distressed Strategies* – involve purchases and sales of debt and equity securities and obligations of companies that Hudson Bay Capital believes are likely to be defaulting on their obligations; entering bankruptcy; in bankruptcy; liquidating; emerging from bankruptcy; restructuring; or otherwise in distress or emerging therefrom. Distressed strategies frequently require an activist approach to be taken, including communicating directly with the officers or advisors of the issuer, joining a creditor or shareholders committee, or joining or initiating legal action to protect the rights of the Multi-Strat Funds.
- *Directional Equity, Corporate Debt, Derivatives or Currencies* – 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.
- *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.

Leverage at the Levered Fund Level

In pursuing its investment objective (*i.e.*, its investment in the Multi-Strat Master Fund through the Intermediate Fund), the Levered Fund employs a substantial degree of leverage at the Levered Fund level (“Fund Leverage”), which is in addition to the leverage obtained at the Multi-Strat Master Fund level. The Levered Fund may use more or less leverage without notice to the shareholders. Leverage is also used by the Multi-Strat Master Fund. While leverage presents the opportunity for increasing the total return on investments, it has the effect of potentially increasing losses as well. (See Item 8 – “The Levered Fund: Risks Associated with Fund Leverage.”)

Guarantees

In addition to the Lender Agreements, there will be situations in which the Multi-Strat Master Fund (or one of its subsidiaries) may need to provide a guarantee on behalf of one or more of the Multi-Strat Funds (including any Multi-Strat Funds to be formed in the future) or any of their subsidiaries (each, a “Guaranteed Entity”) as credit support to (a) facilitate trading or financing with a prime broker, swap dealer or other financing

counterparty (each, a “Financing Counterparty”) or (b) guarantee financing necessary to leverage the amount of the Guaranteed Entity’s investment in the Multi-Strat Master Fund and/or the HB Fund. The Multi-Strat Master Fund may pledge all or any portion of its assets to support such guarantee; provided that the amount of the guarantee will be limited to the value of the interest that the Guaranteed Entity has in the Multi-Strat Master Fund. These financing arrangements may limit or reduce the amount of leverage available to the Multi-Strat Master Fund as the Multi-Strat Master Fund may choose or be required to custody or segregate a certain amount of its assets with a Financing Counterparty thereby reducing collateral available for the Multi-Strat Master Fund. Further, the Financing Counterparty may aggregate the financing provided to the Guaranteed Entity together with the financing provided to the Multi-Strat Master Fund directly, and establish a single financing limit for the total collateral posted by the Multi-Strat Master Fund on its own behalf and on behalf of the Guaranteed Entity.

Third-Party Ventures

In executing a Multi-Strat Fund’s investment strategies, one or more Multi-Strat Funds have, and may in the future (i) enter into joint venture arrangements with unaffiliated third parties, (ii) 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 Capital and/or its affiliates) or (iii) invest capital in separately managed accounts with unaffiliated investment managers where Hudson Bay Capital determines that such arrangements complement Hudson Bay Capital’s expertise and/or enhance the Multi-Strat Fund’s ability to access specific investment opportunities beyond Hudson Bay Capital’s resources, in each case, where a third party has investment discretion (collectively, “Third-Party Ventures”), provided, however, that the Multi-Strat Fund will not enter into Third-Party Ventures that represent investments in non-publicly traded funds-of-funds where the underlying investments are themselves private investment companies. When a Multi-Strat Fund enters into a Third-Party Venture, the manager thereof may be paid fixed asset-based fees and/or performance-based compensation. This is in addition to the Multi-Strat Management and Performance Fees received by Hudson Bay Capital and/or an affiliate. For the avoidance of doubt, no arrangement set forth within a Special Opportunity Investment Series will be subject to the foregoing provisions governing Third-Party Ventures.

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 (“Term Investments”).

A subcategory of Term Investments are investments that Hudson Bay Capital 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 Capital currently employs in determining which investments constitute Longer Term Investments is set forth in each Feeder Fund’s PPM. Investments in a Co-Investment Series will not be included or subject to the Longer Term Investment Limitation. If Hudson Bay Capital believes that illiquid opportunities warrant investing in excess of the Longer Term Investment Limitation, it will notify all Multi-Strat Fund investors of a proposal to exceed such amount. Consenting investors will share in these opportunities on a *pro rata* basis.

For the avoidance of doubt, no investment within a Special Opportunity Investment Series will be included in or subject to the Multi-Strat Master Fund’s 5% limitation.

Trading Vehicles

Although the Multi-Strat Master Fund implements its own investing and trading strategies directly, it also invests through Trading Vehicles, including one or more other funds managed by Hudson Bay Capital or any of its affiliates.

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 Capital continue to evolve.

Co-Investments

The Multi-Strat Funds may co-invest in the same investment opportunity together with Other Accounts and may offer co-investment opportunities to Other Accounts and other co-investors (including Multi-Strat Fund investors and/or third parties). In such circumstances, the investment opportunity available to the Multi-Strat Funds may be less than it otherwise would have been. Certain co-investors investing with a Multi-Strat Fund may invest on different (and more favorable) terms applicable to the Multi-Strat Fund and may have interests or requirements that conflict with and adversely impact the Multi-Strat Fund (*e.g.*, with respect to their liquidity requirements, available capital, the timing of acquisitions and disposals or other rights). Hudson Bay Capital will generally seek to assure that the Multi-Strat Funds, Other Accounts and third party co-investors participate in any co-investment and related transactions on comparable terms to the extent practicable and share in corresponding investment related expenses. Multi-Strat

investors should note, however, that this may not be practicable in all circumstances and that the Multi-Strat Funds may participate in such investments on different and potentially less favorable terms than such parties if Hudson Bay Capital deems such participation in the Multi-Strat Funds' best interest. This may have an adverse impact on the Multi-Strat Funds.

Material Risks

Investing in securities involves risk of loss that Clients and 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 Multi-Strat 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 Capital's investment process. Hudson Bay Capital 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 Capital 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 Capital generally does not attempt to hedge all market or other risks inherent in a Multi-Strat Fund's portfolio, and hedges certain risks, if at all, only partially.

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, and the Multi-Strat Funds depend on the availability of credit in order to finance its portfolio. 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 have been subject to periods of excessive volatility in the past, and such periods may recur. Price movements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is directly intended to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

While volatility can create profit opportunities for the Multi-Strat Funds, 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, given the nature of many of the Multi-Strat Funds' strategies, the lack of volatility can also result in materially diminished prospects for profitability to the Multi-Strat Funds and even losses for certain of the Multi-Strat Funds' strategies that profit from price movements.

Risk of Stagnant Markets

Although volatility is one indication of market risk, certain of the Multi-Strat Funds' investment strategies rely for their profitability on market volatility contributing to the mispricings that the strategies are designed to identify. Option values increase in direct (although non-linear) 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 Multi-Strat Funds' ability to rebalance their portfolios. Illiquidity can also disconnect market values from the historical pricing indicators used in Hudson Bay Capital's investment analysis.

Cybersecurity Risk

Hudson Bay Capital processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Multi-Strat Funds and personally identifiable information of the investors. Similarly, service providers of Hudson Bay Capital and/or the Multi-Strat Funds, especially the administrator, may process, store and transmit such information. Hudson Bay Capital 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 Capital's systems or facilities may be susceptible to employee error or malfeasance, government surveillance and/or other security threats. Breach of Hudson Bay Capital'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 Capital and the Multi-Strat Funds are subject to the same electronic information security threats as Hudson Bay Capital.

The loss or improper access, use or disclosure of Hudson Bay Capital's or a Multi-Strat Fund's proprietary information may cause Hudson Bay Capital or the Multi-Strat 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 Multi-Strat Funds and the investors' investments therein.

Catastrophe Risks

The Multi-Strat Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Multi-Strat Funds invest (or have a material negative impact on the operations of Hudson Bay Capital or the service providers), the risks of loss can be substantial and could have a material adverse effect on the Multi-Strat Funds and the investors' investments therein. Furthermore, any such event may also adversely impact one or more individual investors' financial condition, which could result in substantial redemption requests by such investors as a result of their individual liquidity situations and irrespective of Fund performance.

Coronavirus Risks

In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, surfaced in Wuhan, China. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and "shelter-in-place" or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. Such disruptions continue to be felt, as many countries and U.S. states struggle to contain the virus and its variants. The short-term and long-term impact of COVID-19 on the operations of Hudson Bay Capital and the performance of the Funds is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and actions taken

by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of the Funds.

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.

Discontinuation of LIBOR

It is expected that the London Interbank Offered Rate ("LIBOR"), which is commonly used as a reference rate within various financial contracts (any such rate, a "Reference Rate"), will not be published after June 30, 2023 (other than the one-week and two-month tenors, which will not be published after the year 2021). In anticipation of the end of LIBOR, the United States and other countries are currently working to replace LIBOR with alternative Reference Rates. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which the Funds are a party.

"Master-Feeder" Structure

The Multi-Strat Funds operate in a "master-feeder" structure. The master-feeder fund structure—in particular the existence of multiple Multi-Strat Feeder Funds investing in the same master fund—presents certain unique risks to investors. Smaller Multi-Strat Feeder Funds investing in the Multi-Strat Master Fund may be materially affected by the actions of larger Multi-Strat Feeder Funds investing in the Multi-Strat Master Fund. For example, if a larger Multi-Strat Feeder Fund redeems from the Multi-Strat Master Fund, the remaining Multi-Strat Feeder Funds may experience higher *pro rata* operating expenses, thereby producing lower returns. The Multi-Strat Master Fund may become less diverse due to a redemption by a larger Multi-Strat Feeder Fund, resulting in increased portfolio risk. The Multi-Strat Master Fund is a single entity and creditors of the Multi-Strat Master Fund may enforce claims against all assets of the Multi-Strat Master Fund.

Liability of the Funds and Separate Classes

The Multi-Strat Funds have the power to issue interests in classes, series or sub-series. Liabilities generally are to be attributed to the specific classes, series or sub-series in respect of which the liability was incurred. However, the Multi-Strat Master Fund is a single legal entity and there is no limited recourse protection for any class, series or sub-series of interests. All assets of the Multi-Strat Master Fund may be available to meet all

liabilities of the Multi-Strat Master Fund, even if the liability relates to a particular class, series or sub-series of interests of the Multi-Strat Master Fund (*e.g.*, Special Opportunity Investments, new issues and any corresponding hedge positions). Thus, for example, in the event that the assets attributable to a Special Opportunity Investment Series which are held directly by the Multi-Strat Master Fund (rather than by a Multi-Strat Master SPV), if any, were completely depleted by losses or liabilities, a creditor could enforce a claim against the other assets of the Multi-Strat Master Fund which would be borne by the other investors that did not indirectly participate in the Special Opportunity Investment Series. Similarly, in the event that the assets attributable to the main portfolio of the Multi-Strat Master Fund were completely depleted by losses or liabilities, the assets associated with the Special Opportunity Investment Series that are held directly by the Multi-Strat Master Fund, if any, or, the shares or other ownership interests of the Multi-Strat Master SPV owned by the Multi-Strat Master Fund, as the case may be, could be seized by a creditor as collateral and the investors in the Special Opportunity Investment Series could lose all or a portion of their investment in the Special Opportunity Investment.

Strategy Risks

Multi-Strategy Approach

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

Multiple Managers Trading Independently

Any strategy which is used in the Multi-Strat Funds' portfolio may generate offsetting gains and losses resulting in substantial transaction costs, but no net profit. Investment decisions are, for the most part, made by separate portfolio managers, acting independently of one another, so it is possible that one portfolio manager may be purchasing securities that are being sold at the same time by another portfolio manager. In such cases, the Multi-Strat Funds may incur certain transaction costs without achieving any net returns. It is also possible that portfolio managers could compete for the same positions.

Relative Value Strategies

The success of the Multi-Strat Funds' relative value trading is dependent on Hudson Bay Capital'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 the Multi-Strat Funds' or third-party valuation models. Market disruptions may also force a Multi-Strat Fund to close out one or more positions. Such disruptions have in the past 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 Capital invests 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 continue to 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 may, and 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, will take considerable time or will 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 Multi-Strat 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 Multi-Strat Fund to certain additional potential liabilities that may exceed the value of the Multi-Strat 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 Capital'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.

Convertible Arbitrage Strategies

The success of the Multi-Strat Funds' convertible arbitrage strategy depends upon Hudson Bay Capital's ability to identify convertible securities that appear incorrectly valued relative to their theoretical value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that Hudson Bay Capital will be able to identify convertible arbitrage opportunities or that changes in price differentials will not cause losses. Borrowing and lending against such investments involves substantial risks. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks.

Risks that can affect the results of convertible arbitrage include, but are not limited to, the following: (i) in positions where the credit exposure is not hedged, deterioration in the perceived credit-worthiness of an issuer will likely result in losses; (ii) the valuation process involves the estimation of various variables, such as the volatility of the underlying stock and the issuer's dividend policy, which may realize substantially different values from Hudson Bay Capital's estimates; (iii) even if all inputs are estimated correctly, a convertible may take years to converge to theoretical value, and in the meantime may diverge further, causing losses; (iv) the market for convertibles is generally less liquid, with higher bid-ask spreads, than the market for equities, a phenomenon which is particularly exacerbated during times of stress; (v) the strategy is subject to all the risks involved in selling equities short, including the risk of increasing borrowing costs or buy-ins, either of which can cause substantial losses; and (vi) corporate actions, such as mergers, acquisitions, spin-offs, and special dividends, can have a significant effect on the returns of a given position, both positive and negative.

Risks Related to Certain Instruments Traded

Equity Securities

The investment portfolio of the Multi-Strat Funds includes positions in common stocks, preferred stocks and convertible securities principally of U.S. issuers and non-U.S. issuers. The Multi-Strat Funds also invest in depositary receipts relating to non-U.S. securities. The equity securities held by the Multi-Strat Funds may be acquired pursuant to exchange trades, from dealers in over-the-counter transactions and pursuant to direct transactions. Numerous inter-related and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and other factors, influence the cost of equities; there can be no assurance that Hudson Bay Capital will be able to predict future price levels correctly.

Debt Securities

Debt securities in which the Multi-Strat Funds may invest may be subject to price volatility due to various factors, including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. Investments traded by the Multi-Strat Funds may pay fixed, variable or floating rates of interest, may include interest-only, principal-only or residual obligations and may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks. In addition to the sensitivity of these instruments to overall interest-rate movements, there exists a fundamental credit risk based on the issuer's ability to make principal and interest payments on the debt it issues.

In addition to "high investment grade" debt securities, the Multi-Strat Funds invest in "low investment grade" or "non-investment grade" debt securities, which are typically subject to greater market fluctuations and risks of loss both in respect of income and principal than lower yielding, investment grade securities. The prices of the "low investment grade" or "non-investment grade" debt securities acquired by the Multi-Strat Funds are often influenced by many of the same unpredictable factors which affect equity prices.

Certain of Hudson Bay Capital's strategies invest in hybrid debt arrangements, which are subject to risks in addition to overall interest-rate movements and the issuers' ability to pay the debt in accordance with its terms. The Multi-Strat Funds may invest in synthetic debt instruments, such as credit default swaps, which are often subject to more categories of risk than conventional debt; for example, the credit risk of a swap counterparty as well as the issuer of the underlying debt.

Investments in Loans

Although priority loans in which the Multi-Strat Funds will invest may hold the most senior position in the capitalization structure of the borrower, a borrower's inability to meet its payment obligations under junior debt may detract from the borrower's perceived creditworthiness, reduce the value and liquidity of the loans made to the borrower and impair the borrower's ability to obtain financing to cover short-term cash flow needs, which may force the borrower into bankruptcy or other forms of credit

restructuring.

Certain of the loans acquired by the Multi-Strat Funds will be issued by entities which face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market values of certain of these debt investments may reflect individual corporate developments, and it is likely that a major economic recession would have a materially adverse impact on their value.

Sovereign Debt and Currencies

The Multi-Strat Funds may take long or short positions in sovereign debt and currencies to profit from inefficient pricing anomalies, for hedging and for other speculative/profit purposes. The strategies employed will include: (i) macroeconomic analysis, (ii) funding, interest rate, fixed income, or currency market arbitrage or (iii) fixed income arbitrage, rates or a similar strategy. The Multi-Strat Funds also invest in foreign exchange contracts, futures and associated derivatives in an attempt to capture relative valuation of different currencies, the interest rate or the cost of funding in different currencies or benefit from the price movement of various currencies. These strategies are highly complex and technical and frequently require substantial leverage. There can be no assurance that Hudson Bay Capital can engage in these strategies profitably.

Convertible Securities

The Multi-Strat Funds invest in convertible securities that they may acquire in the open market or directly from issuers, their affiliates and others. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula.

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

A contingent convertible security (known as “Co-Cos”) is a hybrid security that is only convertible under certain conditions (for example, the right to convert can only be exercised if the price of the underlying stock is a certain percentage over the conversion price). A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by the Multi-Strat Fund is called for redemption, the Multi-Strat Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Furthermore, an issuer could refuse to permit the Multi-Strat Fund to convert the convertible security into the underlying common stock, despite its obligation to do so. Any of these actions could have an adverse effect on the Multi-Strat Fund’s ability to achieve its investment objective.

Direct Investments in Public Companies

The Multi-Strat Funds implement strategies in which they invest directly in the equity securities of public companies, which securities may be illiquid and/or restricted (such as PIPEs), as well as in convertible securities and warrants which may be restricted and/or illiquid even if the underlying equity is freely tradeable. There is often no trading market for these investments, and the Multi-Strat Funds may only be able to liquidate these positions, if at all, at disadvantageous prices. The Multi-Strat Funds may be required to hold such investments despite adverse price movements and may be restricted from hedging its exposure to them and, even if the Multi-Strat Funds are not restricted from hedging, the Multi-Strat Funds may choose not to hedge such exposure or such hedge may not be effective. If a Multi-Strat Fund makes a short sale of an illiquid holding, the Multi-Strat Fund may have difficulty in covering the short sale, resulting in a potentially unlimited loss to the Multi-Strat Fund.

Unlike the purchase of freely tradeable common stock in the open market, the Multi-Strat Funds’ unregistered (or restricted) securities of public companies (including instruments that are convertible, exchangeable or exercisable into registered, freely tradeable securities of public companies) generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, including but not limited to registering the securities, transferring securities upon resale or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the underlying securities with the appropriate federal and state authorities for resale. In order for the Multi-Strat Funds’ investment strategy to be effective, the issuer of such securities must abide by its contractual obligations; otherwise, the Multi-Strat Funds may lose all or a portion of their investment.

In connection with its sales of securities purchased pursuant to Regulation D or otherwise exempt from registration, the Multi-Strat Funds could be deemed to be “statutory underwriters” based on the method and timing of such sales. If a Multi-Strat Fund were deemed to be a “statutory underwriter,” it could have an adverse effect on the transaction(s) in respect of which such determination is made and, possibly, on the Multi-Strat Fund’s ability to continue to effectively pursue this investment strategy.

The Multi-Strat Funds rely on certain exemptions from the SEC’s registration

requirements to sell its restricted securities, including Rule 144 of the U.S. Securities Act of 1933, as amended (the “Securities Act”). Under Rule 144, before selling any restricted securities, the Multi-Strat Funds may be obligated to hold them for at least six months provided that the issuer is subject to, and has complied with, the reporting requirements of the Securities Act. If the issuer is not subject to the reporting requirements of the Securities Act, then the Multi-Strat Funds may be required to hold the restricted securities for at least one year before they can be sold in the market. There may be circumstances where restricted securities will never become freely tradeable (*i.e.*, if the issuer was a “shell” company and is not complying with the reporting requirements). The law regarding the resale of restricted securities can change, and in the past has changed. There can be no assurance that future changes will not adversely affect the Multi-Strat Funds’ ability to resell their restricted securities.

The Multi-Strat Funds may purchase securities alongside other third party investors, and may coordinate efforts with such third parties in negotiating the terms of such securities. Although the Multi-Strat Funds will generally take actions designed to prevent them from being deemed a member of a “group” with such other investors for purposes of Sections 13 and 16 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and related provisions, there is no guarantee that a regulatory body will not deem the parties negotiating such terms to constitute a “group.” In the event that the Multi-Strat Funds’ conduct in these situations gives rise to such “group” status, they may be deemed to beneficially own all equity securities of the issuer beneficially owned by the other group members. Such beneficial ownership may, in turn, trigger certain regulatory filings and may cause the Multi-Strat Funds to be deemed “affiliates” of the issuer pursuant to Rule 144 of the Securities Act, which, as described above, would subject the Multi-Strat Funds to, among other things, certain limitations on the amount of securities it can sell in such issuer’s securities. In situations where a Multi-Strat Fund does not deem itself to be a member of a “group,” but a regulator takes a different view, it could lead to regulatory action against the Multi-Strat Fund for violation of the applicable provisions of the Exchange Act.

The Multi-Strat Funds’ investments in unregistered (or restricted) securities of public companies (including instruments that are convertible or exercisable into unregistered (or restricted) securities of public companies) may be difficult to value accurately. In light of the foregoing, there is a risk that an investor who redeems all or part of its investment while the Multi-Strat Funds hold such investments will be paid an amount less than it would otherwise be paid if the actual value of such investments is higher than the value designated by the Multi-Strat Funds. Conversely, there is a risk that an investor who redeems all or part of its investment while the Multi-Strat Funds holds such investments will be paid an amount more than it would otherwise be paid if the actual value of such investments is lower than the value designated by the Multi-Strat Funds, to the detriment of the other investors.

The securities laws and regulations governing investing in investments obtained directly from public companies (such as PIPES) and hedging transactions related thereto are complex and difficult to implement and monitor. In many cases, there is no clear regulatory guidance on the interpretation and application of these laws and regulations.

While Hudson Bay Capital and the Multi-Strat Funds consult with competent counsel on these issues, the nature of these laws and regulations are that they are subject to interpretation and re-interpretation, as well as application in manners unanticipated or expected, which could expose the Multi-Strat Funds, Hudson Bay Capital and their respective affiliates to liability with respect to such transactions.

Derivative Securities

Derivative instruments, or “derivatives,” include instruments and contracts that are derived from and are valued in relation to one or more underlying assets, benchmarks or indices. A derivative is a product that allows an investor to hedge or speculate upon the price movements of a particular asset, financial benchmark or index that could be a fraction of the cost of acquiring, borrowing or selling short the underlying asset. The value of a derivative is linked to the price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset also may be applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to clearing through a U.S. clearinghouse while other derivatives are subject to risks of trading in the over-the-counter markets, and others are subject to non-U.S. regulatory regimes. Price movements of futures and options contracts and payments pursuant to derivative agreements are influenced by, among other things, the longevity of the contract, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and derivative agreements also depends upon the price of the assets that are underlying them. In addition, the Multi-Strat Funds’ assets are also subject to the risk of the failure of any of the clearinghouses or counterparties.

Virtual Currencies

The Multi-Strat Funds invest in instruments linked to virtual currencies (including derivatives and interests in funds or trusts holding virtual currencies) or in virtual currencies themselves. Virtual currencies are a relatively new asset class based on evolving early-stage technological innovations. Virtual currencies are not legal tender and the value of virtual currencies is based on the perceived intrinsic value determined by the parties to a virtual currency transaction. Accordingly, the valuation of the Multi-Strat Funds’ investments in virtual currencies and related investments may be subject to considerable uncertainty. Virtual currency prices are affected by numerous factors, including limited supply, low liquidity of exchanges, concerns about perceived manipulation of the price and the safety of virtual currencies, market perceptions of the value of virtual currencies as an investment, a shifting regulatory landscape, political and economic uncertainties around the world and the changes exhibited by an early stage technological innovation. A central risk of trading in virtual currencies is the volatility of their market prices. Virtual currency prices have been and may in the future be subject to periods of extreme volatility, which may cause the Multi-Strat Funds to incur significant losses on its virtual currency investments.

Virtual currencies rely heavily on complex information technology and communications

systems to properly function. Most virtual currency networks are based on cryptographic, algorithmic protocols that govern the peer-to-peer interactions between users of the relevant network. The networks underlying several virtual currencies operate based on an open-source protocol maintained by a group of uncompensated volunteer developers. There can be no assurance that the core developers of a virtual currency network will continue to be involved in the network, or that new volunteer developers will emerge to replace them. To the extent that material issues arise with a virtual currency protocol, including flaws, bugs or cybersecurity vulnerabilities, and the developers are unable or unwilling to address the issues adequately or in a timely manner, the virtual currency may diminish in value or become worthless. In addition, the failure of decentralized participants to continue to maintain a network by verifying virtual currency transactions may result in the relevant virtual currency losing value or becoming worthless.

The digital nature of virtual currencies and virtual currency exchange markets makes them attractive targets for theft, hacking, cyber-attacks and data breaches. For example, virtual currency networks may not be immutable and thus the transaction records thereon are subject to the risk of being altered. Additionally, access to virtual currencies is generally dependent on the possession of a unique private key relating to the local or online digital wallet in which the virtual currency is held, and that private key may not be capable of being restored if lost. Any such cybersecurity event or loss of a private key with respect to a virtual currency in which the Multi-Strat Funds are invested could result in immediate and irreversible loss for the Multi-Strat Funds.

Many virtual currency exchanges, along with other intermediaries, custodians and vendors used to facilitate virtual currency transactions, are relatively new and largely un- or under-regulated. As a result, they may be more exposed to theft, fraud and failure than established, regulated exchanges and intermediaries for other financial instruments. While certain virtual currencies may be traded through one or more exchanges of varying quality, virtual currencies as a class do not have a central marketplace for exchange. The opaque nature of the underlying or spot market poses, among other things, asset verification challenges for market participants, regulators and auditors, which increases the risk of manipulation and fraud. In addition to failure risks, investments in virtual currencies are subject to transaction fees which are often higher than the transaction fees associated with investments in other financial instruments.

The regulatory environment for virtual currencies is constantly evolving. Virtual currencies face an uncertain regulatory status and may be subject to limited U.S. federal regulatory oversight but may be regulated by one or more state agencies or authorities outside of the United States. Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the manner in which virtual currencies are treated for classification and clearing purposes or have other consequences. Further, laws or regulations that do not directly apply to the virtual currencies in which the Multi-Strat Funds, directly or indirectly, is invested but do apply to other virtual currencies could have indirect and potentially detrimental effects on the virtual currencies in which the Multi-Strat Funds is invested.

Virtual Currency Derivatives

As the value of a derivative depends largely upon price movements in the underlying asset, the foregoing risks applicable to trading underlying virtual currencies also affect the value of virtual currency derivatives. Accordingly, virtual currency derivatives may be subject to substantial price volatility. The initial margin for such derivatives may be set as a percentage of the value of a virtual currency derivative contract, which could lead to significant increases in margin requirements for long positions if the contract's price rises. Further, futures commission merchants may restrict trading in virtual currency derivatives and designated contract markets may implement trading halts. Any such restrictions or halts would restrict the Multi-Strat Funds' ability to exit a virtual currency derivative position during a period of increased volatility.

Options

The Multi-Strat Funds may write (*i.e.*, sell) and purchase put and call options. Sales of options where the Multi-Strat Funds does not own the underlying asset to which the option is referenced can involve theoretically unlimited risk.

The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) may hedge its long position in the underlying security by earning premium upon the sale of the option. In exchange for the premium, the seller assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security (to the extent the decline exceeds the premium received), and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) may hedge its short position in the underlying security by earning premium upon the sale of the option. In exchange for the premium, the seller assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security (to the extent the increase exceeds the premium received), and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Volatility is a principal component of options pricing. If the volatility in the market for the asset underlying the options held or sold by the Multi-Strat Funds changes materially,

the Multi-Strat Funds directly could incur substantial losses even if the options in question would have generated substantial profits if the current price levels had been in effect at expiration.

Credit Default Swaps

The Multi-Strat Funds purchase and sell credit derivatives contracts (primarily credit default swaps). Credit default swaps can be used to implement Hudson Bay Capital's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Multi-Strat Funds may sell credit default protection in which they receive a premium to take on the risk. In such an instance, the obligation of the Multi-Strat Funds to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Multi-Strat Funds may also buy credit default protection with respect to a referenced entity if, in the judgment of Hudson Bay Capital, there is a likelihood of credit deterioration. In such instance, the Multi-Strat Funds will pay a premium regardless of whether there is a credit event. As a buyer of credit default swaps, in circumstances in which the Multi-Strat Funds do not own the debt securities that are deliverable under a credit default swap, the Multi-Strat Funds are exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called "short squeeze." While the credit default swap market auction protocols reduce this risk, it is still possible that an auction will not be organized or will not be successful. In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a "credit event" triggering the seller's payment obligation had occurred. The creation of the International Swaps and Derivatives Association Credit Derivatives Determination Committee (the "Determination Committee") is intended to reduce this uncertainty and create uniformity across the market, although it is possible that the Determination Committee will not be able to reach a resolution or do so on a timely basis. In either of these cases, the Multi-Strat Funds would not be able to realize the full value of the credit default swap upon a default by the reference entity.

As a seller of credit default swaps, the Multi-Strat Funds incur leveraged exposure to the credit of the reference entity and are subject to many of the same risks they would incur if they were holding debt securities issued by the reference entity. However, the Multi-Strat Funds will not have any legal recourse against the reference entity and may not benefit from any collateral securing the reference entity's debt obligations. In addition, the credit default swap buyer may have broad discretion to select which of the reference entity's debt obligations to deliver to the Multi-Strat Funds following a credit event and may choose the obligations with the lowest market value in order to maximize the payment obligations of the Multi-Strat Funds.

In addition, credit default swaps generally trade on the basis of theoretical pricing and valuation models, which may not accurately value such swap positions when established or when subsequently traded or unwound under actual market conditions. The credit default market may become subject to increased regulation, which could increase costs or even prevent participation by the Multi-Strat Funds.

Risks Related to Certain Trading and Investing Techniques and Methodologies

Model Risk

Certain of the Multi-Strat Funds' strategies may require the use of quantitative valuation models that Hudson Bay Capital 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 Capital recognizing that fact before substantial losses are incurred. There can be no assurance that Hudson Bay Capital will be successful in continuing to develop and maintain effective quantitative models. Models are subject to limitations, including, but not limited to, those caused by incorrect or unrealistic assumptions, computer herding, inapplicability of historical data, omission of key data, erroneous code, oversimplification and underpricing risk.

Short Sales Risk

The Multi-Strat Funds' investment strategies require routine "short sales." A short sale involves the sale of a security that the Multi-Strat Fund does not own in order to hedge related risks. To make delivery to the buyer, the Multi-Strat Fund generally must borrow the security, and the Multi-Strat Fund is obligated to pay the lender of the security a stock borrow fee as well as any dividend or interest payable on the security until it returns the security to the lender. 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 Funds will be able to maintain their ability to borrow securities sold short. In such cases, the Multi-Strat Funds could 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. Moreover, (i) Hudson Bay Capital does not, in general, attempt to hedge all market or other risks inherent in the Multi-Strat Funds' portfolio, hedges certain risks only partially, if at all, and may not anticipate certain risks; and (ii) the Multi-Strat Funds' portfolio will always be exposed to certain risks that

cannot be hedged.

Currency Exchange Exposure and Currency Hedging

Because certain Multi-Strat Funds invest in non-US securities that are denominated or quoted in non-US currencies, whereas the functional currency of such Funds are denominated in US dollars, performance may be significantly affected, either positively or negatively, by fluctuations in the relative currency exchange rates and by exchange control regulations. To the extent the Multi-Strat Funds seek to hedge its currency exposure, it may not always be practicable to do so. Moreover, hedging may not alleviate all currency risks. Furthermore, the Multi-Strat Funds may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Funds at one rate, while offering a lesser rate of exchange should the Funds desire immediately to resell that currency to the dealer. The Multi-Strat Funds will conduct its currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into a number of different types of hedging transactions including, without limitation, forward, futures or commodity options contracts to purchase or sell currencies, and entering into foreign currency borrowings. To the extent the Multi-Strat Funds enter into currency forward contracts (agreements to exchange one currency for another at a future date), these contracts involve a risk of loss if the Funds fail to predict accurately the direction of currency exchange rates. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to the Multi-Strat Funds for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate. Any government action that alters the convertibility of a currency or restricts the ability to repatriate funds into US dollars could cause economic losses to the Multi-Strat Funds.

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 Capital'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 Capital'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, changes in administration and policy and regulation, including the risk of imposition of currency controls, enforcement 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 relative to what is customary in the United States 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

The Multi-Strat Funds' positions are valued 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 Multi-Strat Management and Incentive Fees received by Hudson Bay Capital 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 and valuation agents. However, it is not unusual for the prices quoted by dealers for informational purposes to materially differ from 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 Capital, 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 Capital to resolve such uncertainty. Hudson Bay Capital 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 Capital must depend on the valuations furnished to it by its Third-Party Ventures. In the case of the Multi-Strat Funds' passive investments with certain Third-Party Ventures, Hudson Bay Capital 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.

The Levered Fund: Risks Associated with Fund Leverage

The Levered Fund expects to employ a substantial degree of Fund Leverage and will use more leverage than the other Multi-Strat Funds currently advised by Hudson Bay Capital. While leverage presents opportunities for increasing the total return on investments, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment indirectly held by the Levered Fund (at the Multi-Strat Master Fund through the Intermediate Fund) will be magnified and could result in a substantial loss to the Levered Fund, which will be greater than if the Levered Fund were less (or not) leveraged.

The Fund Leverage will be provided under Lender Agreements that will require the Levered Fund to make customary representations as well as provide the Lender with additional rights including but not limited to indemnity rights and rights to have any increased costs, breakage fees, commitment fees or other expenses reimbursed. The Lender Agreements will also subject the Levered Fund to additional obligations and requirements, such as reporting, borrower covenants and representations, investment guidelines and portfolio diversification. The Lender Agreements will also contain customary provisions specifying events of default including: failure to pay principal, impairment of security interest, loan to value (“LTV”) breach, NAV trigger, cross default, bankruptcy or issuer failure to perform, among others. If the LTV rises above the threshold, the Levered Fund will be required to immediately redeem out of its interests in the Intermediate Fund and its indirect interests in the Multi-Strat Master Fund in an amount necessary to reduce the LTV. Accordingly, the Lender Agreements and the Fund Leverage create higher costs to the Levered Fund along with a possibility of a default by the Levered Fund.

If the Levered Fund defaults under a Lender Agreement, the Lender will likely have the right to foreclose on all of the assets of the Levered Fund including its ownership interests in the Intermediate Fund and foreclose on all of the assets of the Intermediate Fund including its interests in the Multi-Strat Master Fund and sell, assign, transfer, redeem or liquidate those assets. This will have the impact of crystallizing the value of the collateral and could magnify potential losses to the shareholders. If the Lender were to foreclose on the assets of the Levered Fund, it may have the right to redeem the Levered Fund’s ownership of the Intermediate Fund and the Intermediate Fund’s ownership of the Multi-Strat Master Fund in an accelerated manner. In addition, if such an event of default occurs, the Levered Fund could lose the Fund Leverage and may be unable to replace it.

The Levered Fund may replace the Lender with another financial institution, or obtain additional leverage from another financial institution under terms similar or different from the terms provided by the Lender without notice to an investor. The terms including the associated financing charges and other costs required by such additional or replacement lender to provide the Fund Leverage may be more onerous than those imposed by the Lender.

Risks Related to the Foreign Currency Shares

Currency Hedging

There can be no assurance that the currency hedging activities in connection with the Foreign Currency Shares will be effective. For example, it is not anticipated that the currency hedging will be adjusted to take into account the Foreign Currency Shares' entire exposure to changes in each of the underlying currencies' rates resulting intra-month, and the hedges may not be adjusted to reflect the investment results and other items of income, gain, loss or deduction in months in which such gains or losses are, in Hudson Bay Capital's sole discretion, deemed immaterial. In addition, there can be no assurance that the currency hedging activities will fully protect investors from a decline in the value of the U.S. dollar against the Canadian dollar, the Pound, or the Yen. Investors in the Foreign Currency Shares will not generally benefit when the U.S. dollar appreciates against the Canadian dollar, the Pound or the Yen.

There can be no assurance that the Multi-Strat Master Fund will be able to hedge, or be successful in hedging, the currency risk referred to. In addition, the Multi-Strat Master Fund is not expected to utilize currency hedging during any period when the Multi-Strat Master Fund's assets are being liquidated or the Multi-Strat Master Fund, the Intermediate Fund or the Fund is being wound up, although either may do so in its sole discretion.

Hedging-Related Losses

For a variety of reasons, hedging transactions may result in losses, which would be allocable solely to the Foreign Currency Shares.

Availability of Hedging Instruments

In periods of market stress, the instruments necessary to permit hedging activity may not generally be available or may not, in the Multi-Strat Master Fund's judgment, be economically practical.

Risks Relating to Special Opportunity Investment Series

Special Opportunity Investments involve certain risks. For example, in certain circumstances, Hudson Bay Capital and/or its affiliates or other Multi-Strat Fund investors could be liable for the actions of Special Opportunity Investors, *e.g.*, if a Special Opportunity Investor fails to fund its portion of a Special Opportunity Investment, or Special Opportunity Investors may not bear (or may bear less than their proportionate share of) expenses incurred in relation to the sourcing, due diligence or negotiation of a Special Opportunity Investment, whether or not such Special Opportunity Investment is consummated. Such expenses that are not borne by such Special Opportunity Investors may increase expenses borne by the Multi-Strat Funds and its investors.

In addition, Hudson Bay Capital and/or its affiliates may receive different fees and/or incentive compensation from Special Opportunity Investors than it receives from other Multi-Strat Fund investors. Accordingly, Hudson Bay Capital and/or its affiliates may

face a conflict in allocating investment opportunities between the Multi-Strat Funds' main portfolios and a Special Opportunity Investment Series.

The Capital Structure Fund

Methods of Analysis, Investment Strategies and Risk of Loss

The Capital Structure Fund's investment objective is to achieve attractive risk-adjusted returns by investing and trading in debt, equity, options, derivative contracts (including credit derivatives) and other securities and instruments, as well as those instruments that Hudson Bay Capital believes are appropriate to hedge certain exposures or positions in the portfolio. In addition to investing in the foregoing securities and instruments, Hudson Bay Capital will from time to time cause the Capital Structure Fund to make opportunistic investments in other types of securities and transactions.

The Capital Structure Fund pursues its investment objective and strategies primarily in the United States, but may also invest on a global basis. The Capital Structure Fund will implement a number of different strategies in its portfolio, including but not limited to convertible arbitrage, relative value, capital structure arbitrage and other credit-related strategies. Although the Capital Structure Fund's overall focus will be on convertible and other equity-linked and related investments as well as other debt, there are no material limitations on the markets, strategies, instruments or countries in which Hudson Bay Capital may trade on behalf of the Capital Structure Fund, and the Capital Structure Fund is not subject to any specific diversification requirements with respect to the issuers, product types or amount of leverage that may be incorporated in the Capital Structure Fund's portfolio, except as may be dictated by applicable laws.

The Capital Structure Fund uses leverage, which will be substantial, but there is no assurance that the desired level of leverage will be available on acceptable terms, or at all. Within the Capital Structure Fund's overall focus on investments in convertible and other equity-linked and related securities, the Capital Structure Fund's portfolio may from time to time be concentrated, possibly materially, in a particular market, strategy, instrument type or country.

On an ongoing basis, the Capital Structure Fund's portfolio evolves as new market sectors, instruments, strategies and techniques are incorporated by Hudson Bay Capital and others are discontinued or modified. The Capital Structure Fund's portfolio and its performance can be expected to differ materially over time — in particular, when compared to the portfolio and performance at different points during the many years of the Capital Structure Fund's trading or at the time that an investor first invests.

In its pursuit of the Capital Structure Fund's investment objective, Hudson Bay Capital applies strategies that may include one or more of the strategies described below in addition to other strategies that may be incorporated in the future. The nature and type of the strategies used by Hudson Bay Capital, as well as the method by which they are implemented, may be materially affected by general market conditions, governmental action and other factors which are both unpredictable and beyond the control of Hudson

Bay Capital. Consequently, the strategies used for the Capital Structure Fund may vary, possibly significantly, over time.

Relative Value Strategies

The Capital Structure Fund's relative value strategies will focus on spread relationships between the pricing components of financial assets. These strategies seek to avoid exposure to significant outright market risk. However, the "spread" risk of the relative values of positions diverging rather than converging or vice versa may be significant. Hudson Bay Capital employs mathematical techniques and models in an attempt to identify and hedge trading opportunities. The individual positions that these strategies seek to exploit typically have relatively low risk, although the leverage needed to generate acceptable returns increases the risk.

Convertible arbitrage is an example of a relative value strategy. Another example of this strategy is where the Capital Structure Fund acquires a long position in an issuer's debt which is hedged by an offsetting position in another security in the same capital structure. A relative value trade also may involve the use of other instruments (such as a credit default swap) in conjunction with the long positions. This strategy also could be reversed at times, to center around a short position in the issuer's debt, hedged with offsetting long position/s.

Convertible Arbitrage Strategy

The Capital Structure Fund's convertible arbitrage strategy consists of buying, selling and trading convertible securities, typically including hedging a portion of the risk inherent in such securities. Convertible hedging combines the use of other instruments in conjunction with a convertible security with a view to controlling risk while seeking capital gains. Convertible securities may be hedged by selling short some or all of the common stock issuable upon conversion of such securities, or by establishing "synthetic" short positions through derivatives and options transactions.

Hudson Bay Capital will employ a variety of convertible arbitrage trading and investment strategies for the Capital Structure Fund. The primary objective of such trading is to profit from mispricings and anomalies between and among the various instruments traded, seeking to exploit a relatively small perceived spread on any given trade. The successful identification of mispriced securities and contracts requires expertise in assessing the relative values of different but related instruments.

The value of a security is influenced by a number of characteristics, including credit quality, volatility, liquidity and "borrowability," as well as "corporate event" risk (e.g., change of control transactions). In order to mitigate these risks, Hudson Bay Capital utilizes fundamental credit research along with quantitative analysis and modeling in making investments with regard to the equity and fixed income components of any particular investment.

“Low Premium” Convertibles

At times in the life cycle of a convertible or equity-linked instrument, that instrument will trade at a valuation near to the market valuation of the equity into which it converts. This may be due to the underlying equity trading above the effective conversion price, the occurrence of certain corporate or market events, limited availability of borrowable shares for hedging purposes, structural or regulatory issues and/or other factors. As a result, Hudson Bay Capital may enter into a long position in such convertible or equity-linked instrument and a short position in the underlying equity (and possibly incorporate other hedging methods). Such trades may provide a cash flow arbitrage opportunity, a synthetic put on the related equity or may be utilized as an equity substitution vehicle (unhedged or not fully hedged) in a directional trade.

Credit Directional Strategy

Corporate debt (including convertible securities since they inherently include a credit component) at times may prove to be an attractive investment opportunity on its own or relative to other parts of a company’s capital structure or to credit default swaps representing that credit. The Capital Structure Fund may go long or short a credit instrument in reliance on the Capital Structure Fund’s fundamental analysis of the issuer’s credit.

Event Oriented Strategy

Corporate debt, as well as convertible and other equity-linked instruments, often are impacted by the occurrence of corporate events such as mergers, acquisitions, spinoffs, and other change of control events, repurchase plans, restructurings, impending maturities or put rights and the like. If Hudson Bay Capital identifies the potential for such an event to occur or not to occur and determines that an investment in the corporate debt or convertible instrument (hedged or unhedged) should provide an acceptable risk-return profile, such position may be included in the Capital Structure Fund’s portfolio.

Structure Oriented Strategy

The documents governing credit instruments (including convertible securities) in which the Capital Structure Fund may invest vary among issuers, as a result of factors such as the specific drafting, negotiation and/or marketing process for each instrument. A detailed analysis of the documentation for a particular instrument may lead to an understanding of certain rights or lack of rights attendant to such position that Hudson Bay Capital may believe have not been reflected in the market price for an instrument. Hudson Bay Capital may, on the basis of its analysis, enter into a long or short position (hedged or unhedged, as it deems appropriate). Such positions may relate to Hudson Bay Capital’s analysis of change of control clauses, dividend and other dilution adjustments, covenants and other provisions. Hudson Bay Capital’s structural analysis may result in Hudson Bay Capital’s determining to avoid investing in certain securities, regardless of their potential attractiveness under other strategies.

Trading Oriented Strategy

The Capital Structure Fund may hold positions, long or short, hedged or unhedged, that are based on a perceived short-term market opportunity. Such positions may be created in an effort to capitalize on the volatility arising from new issues of securities or in cases of supply-demand imbalances related to, for example, news events, market events or block positions entering the market.

Volatility Oriented Strategy

By technical definition, convertible, exchangeable or other equity-linked instruments (whether or not hedged) may offer the opportunity to go long or short the volatility of the underlying equity security. The Capital Structure Fund may hold such positions when Hudson Bay Capital believes that the implied volatility is mispriced relative to market measures of volatility (including historical volatility) or other methods of measuring and trading volatility.

Non-Market, Liability Management and Direct Transactions

The Capital Structure Fund, either independently or in conjunction with other convertible security holders, will from time to time engage in bi-lateral negotiations with corporate issuers or their representatives. These negotiations are designed to consider transactions, such as exchanges, one-time payments, conversion rate adjustments and other possible arrangements that provide economic or other benefits to both the issuers and holders, and the Capital Structure Fund will participate in these transactions should acceptable terms be reached.

Capital Structure Arbitrage and Other Credit-Related Strategies

The Capital Structure Fund will utilize capital structure arbitrage strategies. Capital-structure arbitrage involves buying “long” and selling “short” different classes of securities of the same issuer in anticipation of profiting from a relative mispricing among them.

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.

Equity Directional Strategy

A convertible or exchangeable security or other equity-linked instrument may serve as a proxy for investing in the company’s underlying equity and may be invested in solely for that purpose either without a hedge or from time to time in a relative value strategy that may be hedged only partially, or hedged to a lesser or greater extent than the Capital Structure Fund ordinarily would effect, to express a fundamental valuation opinion on the market price of the equity relative to Hudson Bay Capital’s belief as to its potential fair value. The Capital Structure Fund does not anticipate that this strategy will constitute

one of its more frequently-utilized strategies.

Combination Strategies

Hudson Bay Capital frequently finds that an investment opportunity can involve the combination of more than one of the above strategies.

Future Strategies and As-Yet Unclassified Strategies

The markets in which the Capital Structure Fund trades and the instruments traded by the Capital Structure Fund evolve and new products and methods of trading develop on an ongoing basis as a result of market conditions and events and also innovation on the part of Hudson Bay Capital and other market participants. It is likely that, at any given time, a single investment or many investments of the Capital Structure Fund will not fit within the categories above.

Trading Vehicles

Although the Capital Structure Fund currently implements its own investing and trading strategies directly, the Capital Structure Fund may also invest through a variety of Trading Vehicles, including one or more other funds managed by Hudson Bay Capital or an affiliate.

Trading Subsidiaries

The Capital Structure Fund may effect one or more of the foregoing strategies either directly by purchasing securities or indirectly, for tax, regulatory or other reasons, by investing through one or more trading subsidiaries organized by Hudson Bay Capital.

Material Risks

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

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

General Risks

An investment in the Capital Structure Fund involves many of the same general risks as those relating to an investment in the Multi-Strat Funds. Accordingly, please refer to “Multi-Strat Funds-General Risks” above, each of which is incorporated herein by reference (with references to the Multi-Strat Funds being substituted with references to the Capital Structure Fund). In addition, the following general risk applies.

Strategy Risks

An investment in the Capital Structure Fund involves many of the same strategy risks as those relating to an investment in the Multi-Strat Funds. Accordingly, please refer to “Multi-Strat Funds-Strategy Risks” above, specifically, the sections titled “Relative Value Strategies,” “Market Neutral and Hedged Strategies,” “Directional Trading,” and “Convertible Arbitrage Strategies,” each of which is incorporated herein by reference (with references to the Multi-Strat Funds being substituted with references to the SPAC Funds).

Risks Related to Certain Instruments Traded

An investment in the Capital Structure Fund involves many of the same risks related to certain instruments traded as those relating to an investment in the Multi-Strat Funds. Accordingly, please refer to “Multi-Strat Funds-Risks Related to Certain Instruments Traded” above, specifically, the sections titled “Equity Securities,” “Debt Securities,” “Convertible Securities,” “Direct Investments in Public Companies,” “Derivative Securities,” “Options” and “Credit Default Swaps,” each of which is incorporated herein by reference (with references to the Multi-Strat Funds being substituted with references to the SPAC Funds).

Risks Related to Certain Trading and Investing Techniques and Methodologies

An investment in the Capital Structure Fund involves many of the same risks related to certain trading and investing techniques and methodologies as those relating to an investment in the Multi-Strat Funds. Accordingly, please refer to “Multi-Strat Funds-Risks Related to Certain Trading and Investing Techniques and Methodologies” above, specifically, the sections titled, “Model Risk,” “Operational Risk,” “Short Sales Risk,” “Hedging Risk,” “Emerging Markets Risk” and “Valuation Risk; Use of Estimates,” each of which is incorporated herein by reference (with references to the Multi-Strat Funds being substituted with references to the SPAC Funds).

The SPAC Funds

Methods of Analysis, Investment Strategies and Risk of Loss

Hudson Bay Capital’s investment objective on behalf of the SPAC Funds is to achieve a positive risk adjusted return by investing in publicly traded securities, such as units, common stock, warrants and occasionally rights, issued by SPACs formed for the purpose of raising capital to fund an IBC, through a merger, capital stock exchange, asset

acquisition or other transformative transactions, of one or more operating businesses or assets that are typically not publicly listed. A SPAC primarily raises capital through an IPO although the initial capital contributed by the principals and sponsors of the SPAC typically covers the expenses of the SPAC. At the time a SPAC conducts an IPO, it has selected a management team, but has not yet identified an IBC. The typical SPAC IPO involves the sale of units consisting of one share of common stock combined with one or more warrants or fractions of warrants to purchase common stock at a fixed price, and/or rights to receive common stock or fractions thereof, upon or after consummation of an IBC. Shortly after the SPAC's IPO, such units typically are split into publicly-listed common stock and warrants (and rights, if applicable) which are each listed and traded separately. Each warrant typically becomes exercisable into a single common share, or fraction thereof, on the later of 30 days after the completion of an IBC or 12 months from the closing of the IPO. Investments in SPACs may be illiquid and/or be subject to restrictions on resale.

Capital raised through the IPO of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses (typically 15 to 24 months). Unless and until an IBC is completed, a SPAC generally invests its assets (less an amount to cover expenses) in U.S. Government securities, money market fund securities and cash. If the SPAC is unable to consummate a transaction that meets the requirements for the SPAC within the predetermined time frame, absent an extension granted by the shareholders, the SPAC is liquidated and the funds held in trust (plus any interest earned thereon, minus certain expenses) are distributed to the holders of the common stock issued in the IPO and the warrants expire worthless. SPAC investors also may elect to redeem their shares for the pro-rata trust value at a specified redemption date that occurs shortly before the deal closing date. A SPAC investor may elect this redemption right regardless of whether they vote for or against the IBC.

Following the consummation of an IBC, a SPAC may exercise control over the management of a target company in an effort to increase the value of such target company. Alternatively, management of the target company may continue to manage the now publicly-traded business subsequent to completion of the IBC. Investors in a SPAC would receive a positive return on their investment common shares in the event that a target company is acquired and the combined publicly traded company's common shares trade above the SPAC's IPO price.

Hudson Bay Capital expects that the SPAC Master Fund generally will purchase SPAC units within predetermined parameters during their IPO and in the secondary markets. These pre-determined parameters may include minimum deal size thresholds, restrictions or limitations on certain target industries, and limits on concentration both in a deal and in the portfolio, or other parameters as determined by Hudson Bay Capital. In evaluating the timing of SPAC investments, Hudson Bay Capital will assess the trading environment and valuations applicable to such SPACs at various points in the life cycles of such SPACs. When an IBC is announced with respect to a SPAC in which the SPAC Master Fund has invested, Hudson Bay Capital may pursue various courses of action. Hudson Bay Capital will evaluate whether it deems the best strategy to be to redeem the common shares at the value of their *pro rata* portion of the assets held in trust or to sell the common shares at the

current market price. The SPAC Master Fund may also hold and/or purchase the associated warrants if Hudson Bay Capital believes that such warrants offer a favorable risk-return opportunity. After an IBC has been consummated, the SPAC Master Fund may continue to hold warrants or common equity securities of the post-combination entity in cases where Hudson Bay Capital believes that holding such securities provides the SPAC Master Fund with an attractive investment or trading opportunity. The length of time during which the SPAC Master Fund will hold a particular SPAC position may vary based on a number of factors, including, but not limited to, the timing of transactions, market conditions and the point in time in the SPAC's life cycle at which the SPAC Master Fund invested in the SPAC.

There are no material restrictions on the strategies, leverage or markets which may be incorporated into the SPAC Master Fund's portfolio or the percentage of the SPAC Master Fund's assets that may be committed to any particular strategy type, market or instrument. The composition of the SPAC Master 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 implemented by Hudson Bay Capital continue to evolve.

Trading Vehicles

Although the SPAC Master Fund currently implements its own investing and trading strategies directly, it may also invest through a variety of Trading Vehicles, including one or more other funds managed by Hudson Bay Capital or an affiliate.

Material Risks

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

Risk management is a key part of Hudson Bay Capital's investment process in connection with the SPAC Funds. Hudson Bay Capital attempts to monitor the risk parameters of the SPAC Funds' overall portfolio, and will take into account these risk parameters in the sizing of individual investments as well as the portfolio as a whole. At times, Hudson Bay Capital may attempt to mitigate risk in the SPAC Funds by hedging, however, such attempt may not be effective and hedging strategies themselves could add additional risks. Hudson Bay Capital may determine that it is economically unattractive or otherwise undesirable to employ hedges.

General Risks

An investment in the SPAC Funds involves many of the same general risks as those relating to an investment in the Multi-Strat Funds. Accordingly, please refer to "Multi-

Strat Funds-General Risks” above, each of which is incorporated herein by reference (with references to the Multi-Strat Funds being substituted with references to the SPAC Funds), except for the complete section titled, “Liability of the Funds and Separate Classes,” the second paragraph of the section titled, “Volatility Risk” and the complete section titled “Illiquid Investments,” which is replaced with the below.

Illiquid Investments

Certain of the SPAC securities in which the SPAC Master Fund invests may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such securities. Valuation of such investments may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the SPAC Master Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.

Strategy Risks

Special Purpose Acquisition Companies

SPACs are “blank check” companies with no operating history or ongoing business other than to seek a potential transaction and, at the time that the SPAC Master Fund invests in a SPAC, the SPAC typically has not conducted any discussions or made any plans, arrangements or understandings with any prospective transaction candidates. Accordingly, there is a limited basis (if any) on which to evaluate the SPAC’s ability to achieve its business objective, and the value of its securities is particularly dependent on the ability of the entity’s management to identify and complete a profitable acquisition.

A SPAC primarily raises capital through an initial public offering (“IPO”) although the initial capital contributed by the principals and sponsors of the SPAC typically covers the expenses of the SPAC. At the time a SPAC conducts an IPO, it has selected a management team, but has not yet identified an IBC. The typical SPAC IPO involves the sale of units consisting of one share of common stock combined with one or more warrants or fractions of warrants to purchase common stock at a fixed price, and/or rights to receive common stock or fractions thereof, upon or after consummation of an IBC. Shortly after the SPAC’s IPO, such units typically are split into publicly-listed common stock and warrants (and rights, if applicable) which are each listed and traded separately. Each warrant typically becomes exercisable into a single common share, or fraction thereof, on the later of 30 days after the completion of an IBC or 12 months from the closing of the IPO. Investments in SPACs may be illiquid and/or be subject to restrictions on resale.

A SPAC will not generate any revenues until, at the earliest, after the consummation of an IBC. While a SPAC is seeking a transaction target, its stock may be thinly traded. There can be no assurance that a market will develop.

The proceeds of a SPAC IPO that are placed in trust are subject to risks, including the risk of insolvency of the custodian of the funds, fraud by the trustee, interest rate risk and credit

and liquidity risk relating to the securities and money market funds in which the proceeds are invested.

Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in “blank check” companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC will likely only complete one business combination, which will cause it to be solely dependent on the performance of a single acquired business, (v) the value of any target company, including its stock price as a public company, may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date, the failure to vote against the acquisition or the failure of the investor to submit a timely redemption request, (viii) if the SPAC is unable to consummate an IBC, public stockholders will be forced to wait until the deadline before liquidating distributions are made and (ix) even if the target company is successfully identified and the requisite percentage of SPAC shareholders vote to consummate the IBC, if too many SPAC shareholders elect to redeem there may be insufficient funds in the trust to consummate the transactions or the SPAC will be required to obtain financing in order to consummate the transaction at unfavorable terms. In addition, most SPACs are illiquid and have a concentrated shareholder base that tends to be comprised of hedge funds (at least at inception). In the event that a SPAC is unable to consummate an IBC by the timeframe established at the time of its IPO, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC to the extent third parties are permitted to bring claims against IPO proceeds held in the SPAC’s trust account. To the extent that a SPAC completes an IBC, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

Diversification and Concentration

The SPAC Funds’ investments will be highly concentrated in SPACs, and may be concentrated in SPACs related to a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification will result in the concentration of risk, which, in turn, could expose the SPAC Fund interests to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

Restrictions on Trading

The Multi-Strat Master Fund will frequently invest side by side in the same SPAC investments as the SPAC Master Fund. In addition to investing in IPOs and open-market purchases of SPAC, the Multi-Strat Master Fund may also make private investments in

SPACs' public equity ("SPAC PIPES") for the purpose of providing funding to facilitate such SPAC's IBC. As a result of the Multi-Strat Master Fund's investments in SPAC PIPES and its receipt of material non-public information ("MNPI") in connection therewith, the SPAC Funds' interests may become restricted in trading the SPAC's securities during the period of time between the Multi-Strat Master Fund's receipt of MNPI and the public announcement of an IBC (the "Restricted Period"). The SPAC Funds' inability to trade during the Restricted Period may negatively impact the value of the SPAC investment. Similarly, while the economic cost to the Multi-Strat Master Fund resulting from its inability to trade in the SPAC during the Restricted Period may be outweighed by the benefit of the Multi-Master Fund's participation in the SPAC PIPE, the SPAC Funds will generally not have any similar benefit.

Risks Related to Certain Instruments Traded

An investment in the SPAC Funds involves certain of the same risks related to certain instruments traded as those relating to an investment in the Multi-Strat Funds. Accordingly, please refer to "Multi-Strat Funds-Risks Related to Certain Instruments Traded" above, specifically, the sections titled "Equity Securities" and "Derivative Securities," each of which is incorporated herein by reference (with references to the Multi-Strat Funds being substituted with references to the SPAC Funds).

Risks Related to Certain Trading and Investing Techniques and Methodologies

An investment in the SPAC Funds involves many of the same risks related to certain trading and investing techniques and methodologies as those relating to an investment in the Multi-Strat Funds. Accordingly, please refer to "Multi-Strat Funds-Risks Related to Certain Trading and Investing Techniques and Methodologies" above, specifically, the sections titled, "Model Risk," "Operational Risk," "Short Sales Risk," "Hedging Risk" and "Valuation Risk; Use of Estimates," each of which is incorporated herein by reference (with references to the Multi-Strat Funds being substituted with references to the SPAC Funds).

Item 9. Disciplinary Information

On September 16, 2013 Hudson Bay Capital 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 Capital, and not its Funds' investors. The Settlement also requires Hudson Bay Capital to cease and desist from committing or causing any violations and any future violations of the Rule. Hudson Bay Capital 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 Capital.

Item 10. Other Financial Industry Activities and Affiliations

Certain of Hudson Bay Capital’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 Capital 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 a given Fund or Funds and/or may involve substantial time and resources of Hudson Bay Capital and/or its affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of Hudson Bay Capital 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 Capital may not be able, or may determine not, to initiate a transaction for the Funds that Hudson Bay Capital may have otherwise initiated for the Funds or may reduce the capacity of the Fund to make an investment.

Hudson Bay Capital 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 Capital generally prohibits 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 (other than publicly-traded entities). In addition, with certain limited exceptions relating primarily to volunteer activities, any Hudson Bay Capital employee seeking to participate in any outside business activity must obtain the approval of Hudson Bay Capital’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 Capital Structure Feeder Fund. Any persons acting on behalf of the General Partner are subject to the supervision and control of Hudson Bay Capital 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 Capital and to maintain the confidence of each Client. Hudson Bay Capital 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 Capital's fiduciary obligations to its Clients and Hudson Bay Capital's desire to maintain its high ethical standards, Hudson Bay Capital has adopted a Code of Ethics containing provisions designed to: (i) prevent improper personal trading by Hudson Bay Capital personnel; (ii) prevent improper use of MNPI about securities recommendations made by Hudson Bay Capital 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 Capital's Code of Ethics places restrictions on personal trades by employees and principals, including that they disclose their personal securities holdings and transactions to Hudson Bay Capital on a periodic basis, and requires that employees and principals pre-clear certain types of personal securities transactions. However, these restrictions are not absolute, certain restrictions can be waived and the personal trading accounts of employees and principals may hold positions that are held by a Fund. Similarly, the personal trading of the principals of Hudson Bay Capital and their affiliates or trading done by a principal on behalf of others for whom he or she manages assets could come into conflict with Hudson Bay Capital's business. If such a conflict arises, the principals are not required to subordinate the interests of any other parties (or their own interests) to those of the pertinent Fund(s), but they will endeavor to resolve any such conflicts in a manner that they believe is fair and reasonable. Hudson Bay Capital, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for a given Fund. These activities may adversely affect the prices and availability of other securities held by or potentially considered for purchase by the Fund.

In addition, Hudson Bay Capital and/or its affiliates expect to, from time to time, offer Hudson Bay Insiders the opportunity to indirectly invest in Co-Investments. Hudson Bay Capital has a conflict when determining whether to offer Co-Investment opportunities to Hudson Bay Parties.

Conflicts of Interest

Hudson Bay Capital and its affiliates (including their Principals and employees) are subject, and the Funds are exposed, to a number of actual and potential conflicts of interest. Any such conflict of interest could have a material adverse effect on the Funds and the investors' investments therein. However, Hudson Bay Capital and its affiliates have substantial incentives to see the assets of the Funds increase in value, and the mere existence of an actual or potential conflict of interest does not mean that it will be acted upon to the detriment of the Funds. When a conflict of interest arises, Hudson Bay Capital will endeavor to ensure that the conflict is resolved in what it believes to be a fair and reasonable manner that is consistent with its duties to the Funds. Hudson Bay Capital has in place policies and procedures that it believes are reasonably designed to identify and resolve actual and potential conflicts of interest, including the operation of a Conflicts Committee designed to resolve certain of these conflicts.

Other Activities of Hudson Bay Capital and its Affiliates/Different Compensation Arrangements

Conflicts of interest may arise from the fact that Hudson Bay Capital and its affiliates provide investment management services to multiple Funds. Accordingly, conflicts may arise between/among Hudson Bay Capital and one or more Funds, based on the fee and expense structure of the various Funds, or the potential benefits or costs to Hudson Bay Capital relative to that of the Funds. For example, Hudson Bay Capital could be subject to a conflict of interest because varying compensation arrangements among different Funds could incentivize Hudson Bay Capital to manage such Funds differently. Similarly, a portfolio manager could be subject to a conflict of interest because his or her compensation arrangement for one Fund could differ from such portfolio manager's compensation arrangement with respect to another Fund for which such portfolio manager provides portfolio management services. These and other differences could make certain Funds less profitable to Hudson Bay Capital than other Funds.

An investment opportunity may be introduced to Hudson Bay Capital by a third party with which the one of the Funds has previously invested. Hudson Bay Capital may determine that such opportunity is not appropriate for such Fund and may invest in such opportunity through another Fund in which the first Fund has no interest or through a Special Opportunity Investment Series.

Other conflicts arising from Hudson Bay Capital's management of various Funds include the need to allocate common expenses and investment opportunities and other resources, and the diversion of time and attention of management, as well as competition for investment and management talent.

Principal Transactions

Hudson Bay Capital will not, directly or indirectly, while acting as principal for its own account, knowingly sell any security to, or purchase any security from, a Fund or Other Account (each, an "Account") without disclosing to such Account in writing prior to the

completion of such transaction, the capacity in which Hudson Bay Capital is acting and obtaining the specific consent of such Account. An investors' representative (the "Investor Representative") has been retained for the Funds for purposes of considering whether to grant, and granting or withholding, Client consent to certain transactions that may give rise to conflicts of interest. Hudson Bay Capital may satisfy the consent requirement by providing notice to, and receiving the consent of, the Investor Representative and/or the independent directors of such Account.

Cross Trades

Hudson Bay Capital may determine that it would be in the best interests of multiple Accounts to transfer a security from one Account to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Accounts, or to reduce transaction costs that may arise in an open market transaction. If Hudson Bay Capital decides to engage in a Cross Trade, it will determine that it believes that the trade is in the best interests of both of the Accounts involved and take what it believes to be reasonable steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Accounts.

In the event that Hudson Bay Capital determines that it believes that a Cross Trade is in the best interests of both of the Accounts involved and permitted under the governing documents, it may affect the Cross Trade subject to the following guidelines: (i) such transaction must be affected for cash consideration at the current market price of the particular securities, and (ii) no brokerage commissions or transfer fees are to be paid to Hudson Bay Capital in connection with any such transaction. In the event that there is no readily available market price for the securities involved in the trade, the securities are to be valued by an independent third party.

In the case of a Cross Trade, Hudson Bay Capital will have one of its brokers effect the transaction within the context of the market at a time that is fair to both Accounts involved in the transaction. The broker's commission will be borne equally by both Accounts.

Allocation of Expenses

As Hudson Bay Capital manages investments on behalf of a number of Funds, Hudson Bay Capital may be required to allocate expenses among the various Funds. Hudson Bay Capital has adopted the Expense Allocation Policy for the allocation of investment and operating expenses that are incurred for multiple Funds ("Multi-Fund Expenses"), although the Expense Allocation Policy may change from time to time and may differ materially from those described below and exceptions from the methodology set forth below may occur from time to time as determined by Hudson Bay Capital.

Hudson Bay Capital will allocate each Multi-Fund expense among the Funds that should bear the applicable expense (the "Applicable Funds") *pro rata* generally using one of the following metrics: (i) assets under management; (ii) number of transactions; (iii) number of active positions; (iv) number of lifetime positions; and (v) such other metric(s) as may be applicable in the discretion of Hudson Bay Capital (each a "Fund Allocation Metric").

Hudson Bay Capital will select the Fund Allocation Metric and the Funds that are Applicable Funds for each Multi-Fund Expense in a manner that it believes to be fair and reasonable based upon the facts and circumstances surrounding the Multi-Fund Expense at issue. For example, direct investment expenses generally will be allocated based upon an Applicable Fund's respective participations in the relevant investments. Hudson Bay Capital may, from time to time, change the Fund Allocation Metric utilized for a Multi-Fund Expense, and the Funds that are Applicable Funds for a particular Multi-Fund Expense, based upon new circumstances and/or considerations and/or create new Fund Allocation Metrics as Hudson Bay Capital deems appropriate.

Since the Funds will bear the Compensation Costs of employees of the Investment Manager who are members of certain departments or who have certain reporting lines, Hudson Bay Capital will have a conflict in assigning or characterizing such employees, as such designation could result in reduced costs to Hudson Bay Capital. In this regard, employees may provide multiple services on behalf of Hudson Bay Capital, but their Compensation Costs will be borne by the Funds based solely upon their job title, reporting line or membership in a particular Hudson Bay Capital department and not necessarily based upon the relative time spent performing any particular service. In general, given the potential for there to be greater differentials in the level of utilization of any shared resources or services as among the Funds, the allocation of expenses associated with such resources or services have the potential to be complex. Similarly, the Funds may incur expenses in hiring consultants and independent contractors to perform certain services. Hudson Bay Capital could be subject to a conflict of interest because certain of these services could, theoretically, be provided by an employee hired by Hudson Bay Capital at its expense.

Allocation of Investment Opportunities and Orders

Hudson Bay Capital recognizes its duty to treat each Account in a manner it believes to be fair and equitable.

Consistent with such overriding principle, Hudson Bay Capital has adopted policies and procedures regarding the aggregation and allocation of investment opportunities. Hudson Bay Capital has designated an Allocation Committee (the "Allocation Committee") to oversee the allocation of investments among Accounts in accordance with such policy.

Hudson Bay Capital currently advises Accounts that have overlapping strategies and may manage Other Accounts in the future, the strategies of which overlap with one another. To the extent that a particular investment opportunity is allocable to more than one Account and there is an insufficient amount of the particular opportunity to satisfy the needs of the each Account, Hudson Bay Capital's general policy is to allocate that investment opportunity between the Accounts on a *pro rata* basis relative to, depending on each Account, their targeted long market value, as determined by the Allocation Committee, for the category of investments into which the investment opportunity falls, their relative Net Asset Values or such other method as Hudson Bay Capital deems to be fair and reasonable over time. The Allocation Committee may determine, from time to time, to modify the methodology by which investments will be allocated among Accounts on a prospective

basis.

However, Hudson Bay Capital is not required to provide every opportunity to each of the Accounts, and Hudson Bay Capital may, in good faith, determine that certain investments should not be allocated to the each of the Accounts that have overlapping strategies. Situations for which exceptions to the general *pro rata* rule set forth above may be appropriate, include: (a) an Account already having sufficient exposure to the securities, issuer or market in question; (b) the different liquidity positions and requirements of the participating Accounts; (c) tax considerations; (d) regulatory considerations; (e) the relative capitalization and cash availability of the participating Accounts; (f) the relative risk and value-at-risk profiles of the participating Accounts; (g) portfolio concentration considerations; (h) informal diversification requirements; (i) borrowing base considerations; (j) different historical and anticipated subscription and redemption patterns; (k) minimum investment criteria; (l) differences in availability/cost of funding; and/or (m) investment time horizon. The foregoing list is not intended to be exclusive, and investments may be allocated on a non-pro rata basis on the basis of other considerations that a portfolio manager, in consultation with the Allocation Committee, may determine from time to time.

When Other Accounts that have overlapping strategies with an existing Account ramp up their investment and trading strategies, the existing account may receive reduced or no allocations of certain securities.

In addition, Hudson Bay Capital advises accounts with overlapping strategies that have different fee structures. For example, Hudson Bay Capital will receive lower fees from the SPAC Funds (and SPAC Interests) than it receives from the other Multi-Strat investors. Accordingly, since the management fees reduce incentive compensation, Hudson Bay Capital may face a conflict in allocating investment opportunities between the Multi-Strat Funds and the SPAC Funds (and SPAC Interests). Hudson Bay Capital believes that the Allocation Committee addresses and minimizes these conflicts to the extent possible.

Trade Errors

Trade Errors, which may result in losses or gains, may occur. A “Trade Error” means the execution of a transaction for an Account on terms other than as intended, including: (i) the purchase or sale of a security other than the security identified in an order (or other trade instruction); (ii) the placement of an order (either a purchase or a sale) for a quantity of securities that differs from the quantity identified in such order (or other trade instruction); (iii) the sale of a security when a purchase was instructed; (iv) the purchase of a security when a sale was instructed; (v) keystroke errors that occur when entering trades into an electronic trading system; (vi) typographical, drafting, or similar errors made when placing or confirming orders; and (vii) the purchase or sale of a security for the wrong account and the discovery of this post-settlement of such trade.

Pursuant to the exculpation and indemnification provided by the Funds to Hudson Bay Capital, Hudson Bay Capital will generally not be liable to the Funds for any of its acts or omissions, absent bad faith, gross negligence, willful misconduct or fraud, and the Funds

will generally be required to indemnify Hudson Bay Capital against any losses it may incur by reason of any act or omission related to the Funds absent bad faith, gross negligence, willful misconduct or fraud. As a result of these provisions, the Funds (and not Hudson Bay Capital) will benefit from any gains resulting from Trade Errors and will be responsible for any losses (including additional trading costs) resulting from Trade Errors, absent bad faith, gross negligence, willful misconduct or fraud of the relevant person. Hudson Bay Capital will reimburse the Funds for losses (which, for the avoidance of doubt, do not include profits) for which Hudson Bay Capital.

Management Fee

The Management Fee is payable without regard to the overall success or income earned by the Funds and therefore may create an incentive on the part of Hudson Bay Capital to raise or otherwise increase assets under management to a higher level than would be the case if Hudson Bay Capital were not receiving a Management Fee. The Management Fee is not the product of an arm's-length negotiation with any third party, and, because the Management Fee is based on mark-to-market values, it may be greater than if such compensation were based solely on cost.

Performance Allocation

The Performance Allocation is not the product of an arm's-length negotiation with any third party, and, because the Performance Allocation is calculated on a basis which includes unrealized appreciation of the Funds' assets, it may be greater than if such compensation were based solely on realized gains. The Performance Allocation may give rise to additional conflicts of interest, including the incentive of Hudson Bay Capital to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect, as well as the incentive for Hudson Bay Capital to time investments and the realization of investments so as to maximize the Performance Allocation rather than the returns of the Funds.

Hudson Bay Insiders and Special Opportunity Investments

Hudson Bay Capital and its affiliates expect to, from time to time, offer Hudson Bay Insiders the opportunity to indirectly invest in Special Opportunity Investments. Hudson Bay Capital has a conflict when determining whether to offer Special Opportunity Investment opportunities to Hudson Bay Insiders

Item 12. Brokerage Practices

Hudson Bay Capital 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 Capital need not solicit competitive bids and has no obligation to seek the lowest available commission cost. Hudson Bay Capital 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 Capital 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 Capital selects broker-dealers according to its fiduciary duty to seek best execution, taking into account all applicable considerations.

If Hudson Bay Capital decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks ("ECNs"), it will also consider the following factors when choosing to use one ECN over another: the ease of use; the flexibility of the ECN compared to other ECNs; and the level of care and attention that will be given to smaller orders.

Soft Dollar Benefits

From time to time, Hudson Bay Capital may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. In certain cases, such arrangements, although all related to Hudson Bay Capital's administration and investment management of the Funds, may fall outside of the safe harbor for fiduciaries' use of "soft Dollar" services established by Section 28(e) of the Securities Exchange Act of 1934, as amended; provided, in each case, that Hudson Bay Capital believes these arrangements are equitable and consistent with the objectives of the Funds. Notwithstanding the foregoing, as of the date of this Brochure, there are no arrangements whereby Hudson Bay Capital has committed any Fund to pay a certain level of commissions (or markups or markdowns) in exchange for any "soft Dollar" or other services from any broker-dealer and Hudson Bay Capital does not currently receive any "soft Dollar" services outside of the Section 28(e) safe harbor.

In addition, the Third-Party Ventures in which the Multi-Strat Funds may participate may make use of “soft Dollar” services, and any additional transaction expenses incurred in order to obtain such services – unlike in the case of any soft Dollar services obtained by Hudson Bay Capital – would generally constitute incremental expenses to the Multi-Strat Funds. Such soft Dollar services may also fall outside of the “safe harbor” provisions of Section 28(e). Each Multi-Strat investor, as a condition of investing in a Multi-Strat Fund, consents to such soft Dollar arrangements and, if applicable, to Hudson Bay Capital consenting to such arrangements on behalf of the Multi-Strat Fund.

Also, consistent with Section 28(e), research products or services obtained with soft Dollars generated by a Fund may be used by Hudson Bay Capital to service one or more Other Accounts, including Accounts that may not have paid for the soft Dollar benefits. Hudson Bay Capital will not seek to allocate soft Dollar benefits to Accounts in proportion to the soft Dollar credits the Accounts generate. Where a product or service obtained with soft Dollars provides both research and non-research assistance to Hudson Bay Capital (*i.e.*, a “mixed use” item), Hudson Bay Capital will make a good faith allocation of the cost that may be paid for with soft Dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Hudson Bay Capital’s allocation of the costs of such benefits and services between those that primarily benefit Hudson Bay Capital and those that primarily benefit the Accounts.

When Hudson Bay Capital uses brokerage commissions (or markups or markdowns) generated by any Accounts to obtain research or other products or services, Hudson Bay Capital receives a benefit because it does not have to produce or pay for such products or services. Hudson Bay Capital may have an incentive to select or recommend a broker-dealer based on Hudson Bay Capital’s interest in receiving research or other products or services, rather than on an Account’s interest in receiving most favorable execution.

At least annually, Hudson Bay Capital considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Accounts on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will Hudson Bay Capital make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Order Aggregation and Average Pricing

When Hudson Bay Capital determines that more than one Account should participate in an investment, Hudson Bay Capital will seek to execute orders for all of the participating Accounts on what it believes to be on an equitable basis, taking into account such factors

as legal or tax considerations, the relative amounts of capital available for new investments, relative exposure to the markets, liquidity and the investment programs and portfolio positions of each of the Accounts. Orders may be combined for all such Accounts, and if an order is not filled at the same price, it may be allocated on an average price basis. Similarly, if an order on behalf of more than one Account cannot be fully executed under prevailing market conditions, the securities that are actually acquired may be allocated among the different Accounts on any basis which Hudson Bay Capital considers equitable. As a result of the foregoing considerations, Hudson Bay Capital may an Account to participate in an investment and another Account not to do so, notwithstanding that such Account could, under its investment mandate, make the same investment and *vice versa*. For similar reasons, the Accounts may participate in certain investments in a different manner from one another. For example, one Account may participate in an investment opportunity through the purchase of an equity interest while another participates through an extension of credit.

Item 13. Review of Accounts

Review of Accounts

Hudson Bay Capital 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 Capital Structure Fund investors receive unaudited performance information at least quarterly and audited financial statements on an annual basis. A Fund may offer certain investors additional information and reporting that other investors may not receive, and such information may affect an investor's decision to request a withdrawal from its capital account. (See Side Letters, Item 4, above.)

Item 14. Client Referrals and Other Compensation

Hudson Bay Capital does not currently have any arrangements with third parties whereby such third parties are compensated for client referrals.

In the event Hudson Bay Capital 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

Hudson Bay Capital is deemed to have custody of the assets contained in the Fund portfolios, since a Hudson Bay Capital affiliate serves as general partner or managing member for certain of the Funds, or because Hudson Bay Capital has the ability to withdraw advisory fees directly from certain Fund accounts and/or to obtain possession of other Fund assets. Accordingly, Hudson Bay Capital is subject to the relevant

provisions of Rule 206(4)-2 of the Advisers Act. Fund assets covered by Rule 206(4)-2 of the Advisers Act are held in custody by unaffiliated qualified custodians. Multi-Strat and Capital Structure 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 investors, pursuant to Rule 206(4)-2(b)(4).

Item 16. Investment Discretion

Hudson Bay Capital provides discretionary investment advisory services to the Funds. Hudson Bay Capital makes 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 Capital in the applicable limited partnership agreement or investment management agreement.

Item 17. Voting Client Securities

Hudson Bay Capital 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 Capital'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 Capital 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 Capital has appointed an unaffiliated third party proxy voting service, Institutional Shareholder Services ("ISS"), to assist with the management of proxy voting. Hudson Bay Capital 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 Capital determines that the cost of voting exceeds the expected benefit to the Client).

Hudson Bay Capital 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 generally in its Clients' best interests for Hudson Bay Capital to rely on the analyses and vote recommendations provided by ISS (each, an "ISS Recommendation"). In those situations, Hudson Bay Capital need not take any further action, and ISS will vote the Client Proxy on Hudson Bay Capital's behalf in accordance with the ISS Recommendations.¹⁰

Notwithstanding the foregoing, Hudson Bay Capital always maintains ultimate voting discretion and may disregard an ISS Recommendation at any time, including where ISS

¹⁰ The ISS Proxy Voting Summary Guidelines can be accessed at <http://www.issgovernance.com/policy-gateway/voting-policies>.

has disclosed that it has a conflict of interest. In particular, in situations where Hudson Bay Capital 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 Capital 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 Capital 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.

Included in these procedures are steps Hudson Bay Capital 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 Capital may vote Client Proxies notwithstanding the existence of the conflict. If it is determined, however, that a conflict of interest is material, Hudson Bay Capital 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 Capital's determination of how to vote Client Proxies to cover all situations. Among the factors Hudson Bay Capital 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 Capital's proxy voting policy, as well as applicable proxy voting records, by contacting the Chief Compliance Officer at Hudson Bay Capital.

Item 18. Financial Information

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