

certain level of commissions (or markups or markdowns) in exchange for any “soft dollar” or other services from any broker-dealer.

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.