HUDSON BAY CAPITAL

Portfolio Level Risk Mitigation

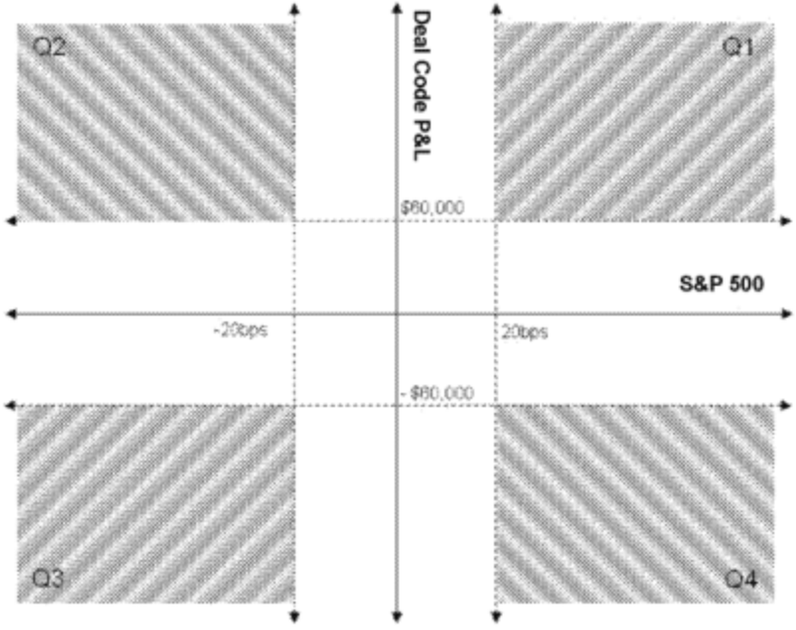
Maintaining Portfolio Diversification is a Critical Component of Risk Management

- Industry standard measures of diversification like correlation and covariance have not kept pace with the increasing complexity and dynamism of today's financial instruments

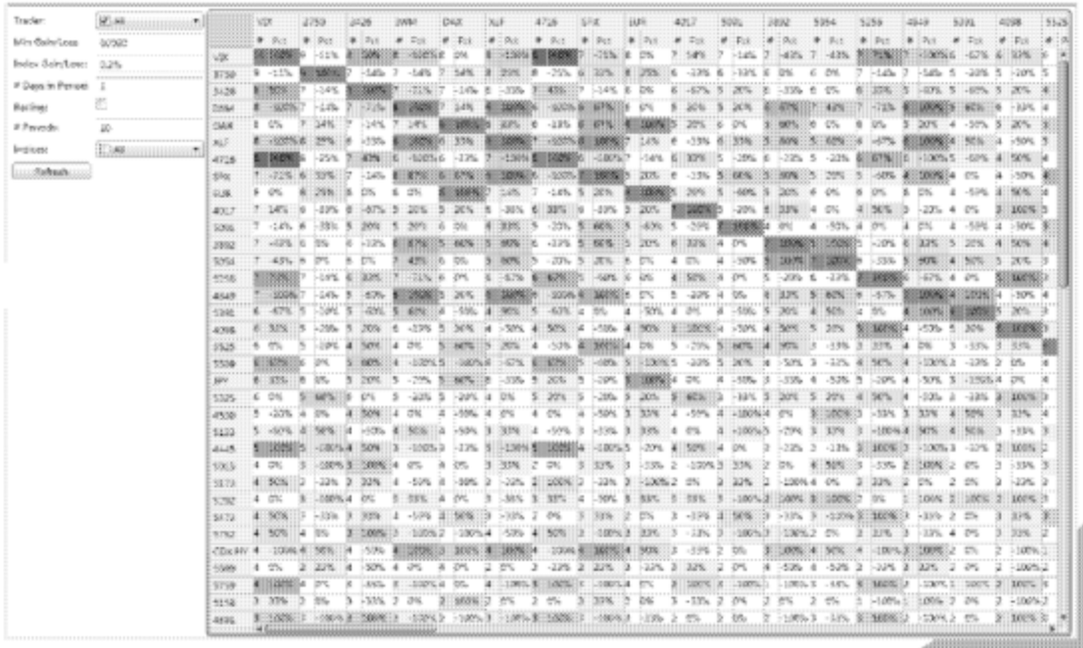
Hudson Bay Approach

- Proprietary RMon system* monitors diversification using cluster analysis
- Seek to identify concentration risk in the portfolio
- Focus on economically significant relationships; filters out noise

Philosophy: RMon – Gerber Statistic



Practice: RMon – Deal Code Cluster Analysis



Please refer to the Appendix for more details information on our Risk Monitoring and Mitigation Systems

* US Patent No. 8,577,775 and additional patents pending.

CONFIDENTIAL - PURSUANT TO FED. R. CRIM. P. 6(e)
CONFIDENTIAL