

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