

Conflicts of Interest

The Hudson Bay Parties provide investment management services to Other Accounts, which may have investment objectives, strategies and positions that are similar to or may conflict with those of the Corporate Value Fund, or may compete with or have interests adverse to the Corporate Value Fund. For example, the Multi-Strat Fund implements the Strategy as one of its various strategies. Such conflicts could affect the prices and availability of securities in which the Corporate Value Fund invests as well as its access to and the progress of Appraisal Proceedings.

Conflicts of interest arise when Hudson Bay Capital makes decisions on behalf of the Corporate Value Fund with respect to matters where the interests of Hudson Bay Capital or one or more Other Accounts differ from the interests of the Corporate Value Fund. It is possible, for example, that an Other Account could have materially different investment objectives from the Corporate Value Fund with respect to a given Corporate Event, creating a conflict of interest for Hudson Bay Capital in determining whether to accept the Transaction Price, file an Appraisal Proceeding, opt out of a filed Appraisal Proceeding and/or settle or otherwise participate in such Appraisal Proceeding (and at what price).

Hudson Bay Capital's participation in managing Other Accounts may from time to time cause Hudson Bay Capital to be restricted (due to the receipt of MNPI or other reasons) from participating in certain Corporate Event Investments. Any such restriction would also apply to the Corporate Value Fund and could be particularly adverse to the prospects of the Corporate Value Fund due to the limited number of Corporate Event Investments available in the market as well as the possibility that Hudson Bay Capital would be prevented from acquiring or liquidating securities of the Acquiror/Target.

Senior Hudson Bay Capital personnel have numerous corporate and financial industry contacts and relationships. In certain cases, Hudson Bay Capital may determine not to make a Corporate Event Investment which Hudson Bay Capital believes would otherwise be in the best interests of the Corporate Value Fund due to a desire not to interfere or disrupt such contacts or relationships, particularly given the adversarial nature of Appraisal Proceedings.

Market Risks

Inflation

The enormous amounts of financial assistance that governments and central banks made available since 2008 in an effort to resolve the massive interruptions in the global financial markets, as well as general economic difficulties, could eventually lead to material levels of inflation. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economics and securities markets of numerous economies — effects that could materially diminish both the number of Corporate Events and the profit potential for the Strategy with respect to those Corporate