

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.

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, 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 Multi-Strat Funds, the Capital Structure Fund and the Corporate Value Fund 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. Hudson Bay Capital may execute Cross Trades, if at all, with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two Clients may occur as an "internal cross", where Hudson Bay Capital instructs the custodian for the Accounts to book the transaction at the price determined in accordance with the Funds' valuation policy. If Hudson Bay Capital effects an internal cross, Hudson Bay Capital will not receive any fee in connection with the completion of the transaction.

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.