

Best Execution

Transactions for Clients will be allocated to broker-dealers for execution taking into consideration factors such as price; transaction costs; ability to effect the transactions; a broker-dealer's facilities, reliability and financial responsibility; commitment of capital; access to company management; quality of research; effectiveness of sales coverage; access to deal flow; the provision or payment by the broker-dealer of the costs of research; and other factors that are deemed appropriate to consider under the circumstances. In selecting broker-dealers, Hudson Bay Capital need not solicit competitive bids and has no obligation to seek the lowest available commission cost. Hudson Bay Capital does not always negotiate "execution only" commission rates and may, in its sole discretion, determine that the amount of commissions charged by a broker-dealer which is greater than the amount another broker-dealer might charge is reasonable in relation to the value of the brokerage and products or services provided by such broker-dealer. Accordingly, the commissions and other transaction costs (which may include dealer markups or markdowns) charged to Clients by broker-dealers in the foregoing circumstances may be higher than those charged by other broker-dealers that may not offer such products or services. Subject to the considerations described above, the selection of a broker-dealer (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services may be influenced by, among other things, the provision by the broker-dealer of the following: capital introduction, marketing assistance, and consulting with respect to technology, operations, equipment and office space. Hudson Bay Capital may have an incentive to select a broker-dealer based on its interest in receiving these services rather than on Clients' interest in achieving most favorable execution. However, as noted above, Hudson Bay Capital selects broker-dealers according to its fiduciary duty to seek best execution, taking into account all applicable considerations.

If Hudson Bay Capital decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks ("ECNs"), it will also consider the following factors when choosing to use one ECN over another: the ease of use; the flexibility of the ECN compared to other ECNs; and the level of care and attention that will be given to smaller orders.

Soft Dollar Benefits

From time to time, Hudson Bay Capital may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. In certain cases, such arrangements, although all related to Hudson Bay Capital's administration and investment management of the Funds, may fall outside of the safe harbor for fiduciaries' use of "soft dollar" services established by Section 28(e) of the Securities Exchange Act of 1934, as amended; provided, in each case, that Hudson Bay Capital believes these arrangements are equitable and consistent with the objectives of the Funds. As of the date of this Brochure, there are no arrangements whereby Hudson Bay Capital has committed any Fund to pay a