

**PART 2A OF FORM ADV**

**FIRM BROCHURE**

**PERRY CREEK CAPITAL LP**

**745 FIFTH AVENUE, SUITE 500**

**NEW YORK, NEW YORK 10151**

**PHONE: 646-898-2052**

**August 12, 2014**

**This Brochure provides information about the qualifications and business practices of Perry Creek Capital LP. If you have any questions about the contents of this Brochure, please contact Scott Kupersmith at 646-898-2052 or by e-mail at [skupersmith@perrycreekcap.com](mailto:skupersmith@perrycreekcap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority, and references in this Brochure to the Adviser as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

**Additional information about the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Material Changes**

This is the first time Perry Creek Capital LP is submitting Form ADV. In the future, when Perry Creek Capital LP amends its Brochure for its annual update (or otherwise) and the amended version contains material changes from the last annual update, it will identify and discuss those changes either on this page or as a separate document accompanying the Brochure.

### **Item 3 – Table of Contents**

|  | <b><u>Page</u></b> |
|--|--------------------|
| ITEM 2 – MATERIAL CHANGES .....  | II                 |
| ITEM 3 – TABLE OF CONTENTS .....   | III                |
| ITEM 4 – ADVISORY BUSINESS .....   | 1                  |
| ITEM 5 – FEES AND COMPENSATION .....   | 1                  |
| ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ...  | 3                  |
| ITEM 7 – TYPES OF CLIENTS .....  | 3                  |
| ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF<br>LOSS .....                            | 3                  |
| ITEM 9 – DISCIPLINARY INFORMATION .....  | 12                 |
| ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS ..  | 12                 |
| ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT<br>TRANSACTIONS AND PERSONAL TRADING ..... | 13                 |
| ITEM 12 – BROKERAGE PRACTICES .....  | 14                 |
| ITEM 13 – REVIEW OF ACCOUNTS .....   | 15                 |
| ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION .....  | 15                 |
| ITEM 15 – CUSTODY .....  | 16                 |
| ITEM 16 – INVESTMENT DISCRETION .....  | 16                 |
| ITEM 17 – VOTING CLIENT SECURITIES .....   | 16                 |
| ITEM 18 – FINANCIAL INFORMATION .....  | 17                 |

#### **Item 4 – Advisory Business**

Perry Creek Capital LP, a Delaware limited partnership (the “Adviser” or “Perry Creek”) formed in 2014, provides discretionary investment advisory services to Perry Creek Capital Fund I LP (the “Fund”) a Delaware limited partnership that is a private investment fund. Perry Creek Capital GP LLC, a Delaware limited liability company (the “General Partner”), serves as the general partner of the Fund.

Perry Creek takes a concentrated opportunistic approach to investing in both the public and private markets in order to capitalize on market dislocations. The Fund’s investment objectives and/or parameters are set forth in the Fund’s governing documents (the “Fund Documents”) provided to each investor in the Fund (each, an “Investor”).

The Adviser does not tailor its advisory services to the individual needs of Investors, and Investors may not impose restrictions on investing in certain securities or types of investments. The Fund Documents set forth the Fund’s investment strategy, including guidelines regarding the types of securities the Fund will invest in and portfolio limits (if any).

The Adviser or the General Partner may from time to time cause the Fund to enter into side letter agreements or other similar agreements with one or more Investors that provide such Investors with terms additional to or different from those set forth in the Fund Documents.

The Adviser is principally owned by Adeel Qalbani (the “Principal”) and the Rohri Trust. The Trustees of the Rohri Trust are the Principal and The Bryn Mawr Trust Company of Delaware, a subsidiary of Bryn Mawr Bank Corp, a public reporting company. The general partner of the Adviser is Sindh LLC, which is wholly owned by the Principal.

The Adviser does not participate in wrap fee programs.

As of the date of this brochure, Perry Creek does not have any assets under management but expects, following the effectiveness of Perry Creek’s registration with the SEC as a registered investment adviser, to manage approximately \$400 million of Fund assets, all of which will be managed on a discretionary basis.

#### **Item 5 – Fees and Compensation**

##### **Management Fees**

Perry Creek receives a management fee covering its overhead expenses (including salaries of its personnel, office rental expenses and ordinary office administration costs) and expenses related to the regulatory obligations of Perry Creek (the “Management Fee”). Each limited partner in the Fund (each, a “Limited Partner”) pays a pro rata share of the Management Fee based on the Limited Partner’s commitment. Management Fees are paid quarterly in advance and are deducted from each Investor’s assets invested in the Fund. Investors do not have the ability to choose to be billed directly for fees incurred.

Limited Partners may not withdraw from the Fund, and may not assign, sell, exchange, charge, pledge or transfer any of their interests, rights or obligations with respect to their interests in the

Fund without the prior written consent of the General Partner. As such, Management Fees are not refunded to Limited Partners.

#### Expenses

The Fund will pay all organizational expenses incurred in connection with the establishment of the Fund. Except for those expenses covered by the Management Fee, the Fund will pay for all expenses relating to its activities (to the extent not reimbursed by an investment) including, but not limited to, the following: all expenses incurred in connection with the evaluation, acquisition, holding, refinancing, recapitalization, disposition or proposed disposition of any investments (including private placement fees, taxes, brokerage fees, sales commissions, underwriting commissions and discounts, travel expenses, appraisal fees, legal, accounting, administrator and consultant fees); expenses related to meetings of the Fund's Advisory Committee ("Advisory Committee") and the Limited Partners; costs and fees related to regulatory obligations of the Fund, e.g., filings under Section 13 or Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act"); costs and fees relating to the preparation of financial and tax reports, portfolio valuations and tax returns of the Fund; the costs of prosecuting or defending any legal action for or against the Fund; all costs related to the Fund's indemnification obligations and the premium costs of any insurance maintained to cover such obligations; interest on and fees and expenses arising out of all permitted borrowings made by the Fund; the costs of any litigation; all unreimbursed out-of-pocket costs relating to the investment transactions that are not consummated (including legal, accounting and consulting fees); all expenses of liquidating the Fund; and any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund.

Please refer to Item 12 of this Brochure for a description of Perry Creek's brokerage practices.

#### Carried Interest

Subject to a clawback (which is a type of refund) and a preferred return for the benefit of the Limited Partners, the General Partner is generally entitled to a 20% carried interest (the "Carried Interest") with respect to profits generated by the Fund's investments.

Neither the Management Fee nor the Carried Interest is negotiable. The General Partner may reduce or waive its Carried Interest only with respect to a Limited Partner that is the General Partner, the Principal, other employees of Perry Creek or its affiliates, or one of their respective family members and related trusts.

Neither Perry Creek nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

**It is important that Limited Partners refer to the applicable Fund Documents for a complete understanding of how the Adviser and the General Partner are compensated for services. This is particularly true with respect to performance-based compensation. The information contained herein is a summary only and is qualified in its entirety by such documents.**

## **Item 6 – Performance-Based Fees and Side-by-Side Management**

As described in Item 5, the Adviser (or its affiliate, the General Partner) is, with respect to the Fund, eligible to receive performance-based compensation upon the distribution of investment proceeds. Such fees may create an incentive for Perry Creek to make investments that are riskier or more speculative than in their absence. Perry Creek addresses this potential conflict through regular monitoring of the Fund's portfolio as described in Item 13 of this Brochure, in order to help ensure that the Fund's investments are consistent with the Fund's investment guidelines and risk management policies. In addition, the Principal intends to invest a substantial amount of capital in the Fund, thus aligning, to some extent, the interests of Perry Creek with the interests of the Fund. Further, the Fund Documents provide Limited Partners and potential Limited Partners with extensive disclosure regarding the potential risks relating to an investment in the Fund, including material conflicts of interest.

**Complete fee disclosures are provided to Limited Partners in the Fund Documents, and prospective Limited Partners should review such disclosures carefully.**

## **Item 7 – Types of Clients**

The Adviser provides investment advisory services to a pooled investment vehicle operating as a private investment fund.

The Fund offers interests only to certain qualified investors who meet qualification requirements under applicable securities laws and other laws. Admission to the Fund is not open to the general public.

The minimum capital commitment of an Investor in each Fund is \$10,000,000 although lesser commitment amounts may be accepted in the discretion of the Adviser (or the General Partner).

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Perry Creek believes that patience and flexibility are competitive advantages in investing. In particular, Perry Creek believes:

- Attractive investments often arise in areas that are temporarily out-of-favor, are undergoing significant change, or are complex or esoteric.
- Particularly compelling investments are rare, often occur in niche markets, require significant due diligence and a proactive investment approach.
- Execution of the investment thesis should be based on the structure best suited for the opportunity and may be done through liquid or illiquid instruments.

Therefore, Perry Creek takes a concentrated opportunistic approach to investing in order to capitalize on market dislocations.

## Investment Strategy and Process

Perry Creek's investment strategy consists of the following tenets:

- Perform intensive business, industry, and valuation research on areas where attractive investment opportunities may exist and develop business insights in these areas.
- Identify securities and situations with asymmetric risk/reward profiles and high expected rates of return.
- Identify non-economic actors, forced or distressed sellers and motivated counter-parties.
- Identify underwrite-able assets/companies/securities based on cash flow or asset value. Focus on high quality and predictable cash flow, but be willing to invest in cyclical assets/companies if there is a significant margin of safety.
- Focus on strong management teams, aligned incentives, and investor-mindset driven capital allocation.
- Create additional downside protection through attractive purchase prices, predictable cash flow, tangible asset values, hedging, and governance rights.
- Focus on opportunities that have multiple fundamental or technical causes (e.g. situations arising from forced selling, fear, complexity, uncertainty, under-followed / orphaned securities).
- Active strategic and operational engagement with portfolio companies to drive value.

Perry Creek's approach to underwriting investments focuses on quality of earnings, the competitive environment, and capital allocation. It seeks companies with pricing power and predictable cash flows governed by inputs that are definable and understandable. Perry Creek conducts detailed analysis of the normalized earnings power of the business to determine whether the company is over- or under-earning its cost of capital. It seeks investments in companies with meaningful barriers to entry and/or rational market competition among existing players. Perry Creek focuses on market participants where it can identify a sustained competitive advantage and attempts to avoid investments in businesses exposed to material risks from innovation or change in the competitive environment that are difficult to understand and/or hedge. Perry Creek also focuses on investments with management teams exhibiting an investor-mindset driven capital allocation process and, in the case of illiquid investments, on obtaining governance rights over capital allocation.

## Market and Investment Risks

Investing in securities, including interests in the Fund, involves risk of loss that the Fund and Investors should be prepared to bear, including the risk of loss of the entire amount invested.

### Market Risks Generally

All securities investments risk the loss of capital. No guarantee or representation is made that the Fund will achieve its investment objective or that Investors will not lose all or substantially all of their investment in the Fund.

### Economic Conditions

Changes in economic conditions, including changes in interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political events and trends, tax laws and many other factors can affect substantially and adversely the business and prospects of the Fund and of the businesses that it may invest in. None of these conditions is within the control of Perry Creek.

### Concentration of Investments

The Fund may at certain times hold relatively few investments. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected.

### Volatility

The market value of certain of the Fund's investments may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.

### Risk of Early Stage Companies

The Fund may invest in companies at an early stage of development, which involves a high degree of business and financial risk. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, marketing and service capabilities, and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

### Third-Party Investors

The Fund may co-invest with third parties through joint ventures or other special-purpose vehicles (each an "SPV"). Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer or partner of the Fund may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the Fund's investment objectives. In addition, the Fund may in certain circumstances be liable for actions of its co-venturers or



partners. Furthermore, if a co-venturer defaults on its funding obligations, the Fund may be required to make up the shortfall. Investments made with third parties in partnerships, joint ventures or other SPVs may involve carried interest and/or other fees payable to such third-party co-venturers or partners. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

#### Liquidity of Investments

The Fund's private investments are subject to liquidity-related risks, particularly the risk that the Fund will be unable to dispose of such investments by sale or other means at attractive prices or will otherwise be unable to complete any exit strategy. Among others, these risks include changes in the financial condition or prospects of the entity in which the investment is made. It is not generally expected that private securities acquired by the Fund will eventually be registered and listed on a securities exchange. Absent registration, the Fund will not be able to sell such securities unless an exemption from such registration requirements is available. In addition, in some cases the Fund may be prohibited by contract or regulatory restrictions from selling such securities for a period of time. To the extent that there is no liquid trading market for an investment, the Fund may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers for the Fund's investments will be found.

In addition, in some circumstances the Fund's publicly-traded investments may become relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Fund's ability to respond to market movements may be impaired, and the Fund may experience adverse price movements upon liquidation of its investments.

#### Financial Model Risk

Some of the Fund's investments and investment strategies require the use of quantitative and qualitative valuation models developed by Perry Creek and third parties. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without Perry Creek recognizing the change before significant losses are incurred.

#### Possible Positive Correlation

One of the goals in incorporating non-traditional investment strategies such as those to be utilized by the Fund into a portfolio or series of portfolios is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and stress, when the risk control benefits of diversification may be most important, that the Fund will, in fact, be negatively- or non-correlated with a traditional portfolio of stocks or bonds.

#### Equity Investments

The Fund's investment portfolio will include long and short positions in equity securities of United States and non-United States listed companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry

market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect the Fund.

The Fund may on occasion acquire (i) more than five percent of a class of securities of a single issuer which would require the filing of a Schedule 13D or 13G statement with the SEC or (ii) more than 10 percent of a class of securities of a single issuer which would impose certain limitations on the Fund's ability to trade in such securities, including the restrictions of Section 16 of the Exchange Act. The accumulation of such a significant position in the shares of a single issuer could lead to litigation or disputes in the event Perry Creek desires to influence the issuer. Perry Creek may also seek to challenge the management of a portfolio company through a proxy contest. Such litigation or a proxy contest may result in substantial expense to the Fund. In addition, senior personnel of Perry Creek may serve on the board of directors of one or more companies in which the Fund invests. As a result, Perry Creek will obtain access to material nonpublic information affecting the portfolio company, which may preclude the Fund from selling its position (or acquiring additional shares) at a time when Perry Creek otherwise believes it would be appropriate to do so. Moreover, the Fund's ability to realize value from certain of its investments may depend upon the ability of Perry Creek to influence the management of a portfolio company to take certain actions, including, for example, a recapitalization, restructuring, spin off, sale of the business or change in management. If Perry Creek is incorrect in its assessment of the impact such action will have on the value of a portfolio company, or if it is unsuccessful in persuading the portfolio company's management to take the desired action, the Fund may sustain a loss on its investment in the portfolio company, adversely affecting the Fund.

#### Structural Subordination of Equity Interests.

The Fund may hold equity interests in SPVs, in some cases alongside third-party investors. In connection with such investments, the equity interests held by the Fund may not be secured by the assets of the SPVs, and the Fund will rank behind all known or unknown creditors, whether secured or unsecured, of the SPVs. No person or entity other than the SPV will be required to make any distributions on the equity interests, and payments from the SPV on its common or preferred shares or other equity interests will be subordinate to payments on its debt. Therefore, to the extent that any losses are incurred by the SPV in respect of any collateral, such losses will be borne first by the Fund and its co-investors as holders of common or preferred shares or other equity interests.

#### Cross-Class Liabilities in Connection with Equity Investments

The Fund may invest in SPVs alongside third-party investors, where such investors hold different classes or series of equity interests that correspond to separate underlying investments. However, in most cases, the SPV will be a single legal entity and there will be no limited recourse protection for any class or series. Accordingly, all of the assets of the SPV will be available to meet all of its liabilities regardless of the class or series to which such assets or liabilities are attributable. In practice, cross-class or cross-series liability is only expected to arise where liabilities referable to one class or series are in excess of the assets referable to such class or series and it is unable to meet all liabilities attributed to it. In such a case, the assets of the SPV attributable to other classes or series may be applied to cover such liability excess and the value of the contributing classes or series will be reduced as a result.

### Reliance on Management

Perry Creek selects all Fund investments, and the quality of its decisions dictates the Fund's success or failure.

### Lack of Operating History

Although the Perry Creek's investment team has extensive experience investing in the private equity market and in Asia, the Fund and Perry Creek are newly-formed entities with no operating history upon which prospective Investors may base an evaluation of the Fund's likely performance. The past performance of the senior personnel of the General Partner and Perry Creek should not be used as an indicator of likely performance by the Fund. There can be no assurance that the assumptions made or the beliefs and expectations with respect to investment performance and market conditions currently held by Perry Creek will prove correct, and actual events and circumstances may vary significantly.

### Available Information

Perry Creek selects investments for the Fund in part on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to Perry Creek by such issuers, or through sources other than the issuers. Although Perry Creek evaluates all such information and data and seeks independent corroboration when Perry Creek considers it appropriate and when it is reasonably available, Perry Creek is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases complete and accurate information is not readily available.

### Short Selling

Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

### Fixed Income Obligations

Fixed income obligations are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Bonds and other fixed income securities generally involve less market risk than stocks. However, the risk of bonds can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The bonds of some companies may be riskier than the stocks of others.

### Foreign Securities

The Fund may invest in securities and other instruments of non-United States corporations. Investing in such securities involves certain considerations not usually associated with investing in securities of United States companies, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion, imposition of withholdings and other taxes and certain government policies that may restrict the Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail in many foreign countries are not equivalent to United States standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the securities markets in many foreign countries than there is in the United States.

### Asset-Backed Securities

The Fund may invest in asset-backed securities including, but not limited to, interests in pools of receivables. These securities may be in the form of pass-through instruments or asset-backed obligations. The securities, many of which are issued by non-governmental entities and carry no direct or indirect government guarantee, present certain risks primarily because these securities may not have the benefit of a security interest in the related collateral.

### Convertible Securities

Convertible securities provide higher yields than the underlying equity securities, but generally offer lower yields than non-convertible securities of similar quality. The value of convertible securities fluctuates in relation to changes in interest rates like bonds and, in addition, fluctuates in relation to the underlying common stock.

### Derivatives

Derivative financial instruments include futures, options, interest rate swaps, forward currency contracts and credit derivatives such as credit default swaps. In addition, the Fund may from time to time utilize both exchange-traded and over-the-counter futures, options and contracts for differences, as part of its investment strategy and for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that the Fund may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

The trading of over-the-counter derivatives subjects the Fund to a variety of risks including: (i) counterparty risk, (ii) basis risk, (iii) interest rate risk, (iv) settlement risk, (v) legal risk, and (vi) operational risk. Counterparty risk is the risk that one of the Fund's counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that

the normal relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

### Options

The Fund may engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

### Debt Securities

The Fund may invest in unrated or low grade debt securities which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Lower or unrated securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Investors should be aware that ratings are relative and subjective and are not absolute standards of quality. Subsequent to its purchase by the Fund, an issue of securities may cease to be rated or its rating may be reduced. Neither event will require sale of such securities by the Fund, although Perry Creek will consider such event in its determination of whether the Fund should continue to hold the securities. The market value of securities in lower-rated categories is more volatile than that of higher quality securities. In addition, the Fund may have difficulty disposing of certain of these securities because there may be a thin trading market. The lack of a liquid secondary market for certain securities may have an adverse impact on the Fund's ability to dispose of such securities.

### Loan Participations and Assignments

The Fund may invest in fixed- and floating-rate loans, which investments generally are in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender.

Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. The Fund may invest in funded term loans through participation and assignments. When purchasing loan participations, the Fund assumes

the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which the Fund invests may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution's interests with respect to the loan may involve additional risks to the Fund. For example, if a loan is foreclosed, the Fund could become part owner of any collateral and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, the Fund could be held liable as a co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities laws protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, the Fund relies on Perry Creek's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Fund.

#### Spread Trading Risks

A part of the Fund's trading operations may involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. In addition, such positions entail substantial risk that the price differential could change unfavorably causing a loss to the spread position. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

#### Arbitrage Transaction Risks

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments on different markets or in different forms. Perry Creek may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced or eliminated by other market participants.

#### Hedging Transactions

The success of the Fund's hedging strategy is subject to Perry Creek's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Fund's hedging strategy is also subject to Perry Creek's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transactions. For a variety of reasons, Perry Creek may not seek to establish a perfect correlation between such hedging instruments and the risks being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. In addition, Perry Creek may not hedge a risk inherent in the Fund because a hedge may not be

available or is too costly in light of the likelihood of the possible risk actually occurring or because the risk simply could not be reasonably anticipated.

#### Reliance on Corporate Management and Financial Reporting

Perry Creek relies on the financial information made available by the issuers in which the Fund invests. Perry Creek typically does not independently verify the financial information disseminated by the numerous issuers in which the Fund may invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Corporate mismanagement, fraud and accounting irregularities relating to the issuers of investments held by the Fund may result in material losses. Equity prices are particularly vulnerable to corporate mismanagement.

#### Exposure to Material Non-Public Information

From time to time, Perry Creek may receive material non-public information with respect to an issuer of publicly-traded securities. In such circumstances, the Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

**It is critical that Limited Partners refer to the applicable Fund Documents for a complete understanding of the material risks involved in an investment in the Fund. The information contained herein is a summary only and is qualified in its entirety by such document.**

#### Item 9 – Disciplinary Information

Neither the Adviser nor any of its management persons have any legal or disciplinary events that would be material to an Investor's evaluation of the Adviser or the integrity of the Adviser's management.

#### Item 10 – Other Financial Industry Activities and Affiliations

Neither Perry Creek nor any of its management persons is registered, or has an application pending to register, as: (i) a broker-dealer; (ii) a registered representative of a broker-dealer; (iii) a futures commission merchant; (iv) a commodity pool operator; (v) a commodity trading advisor; or (vi) is an associated person of any of (iii), (iv) or (v).

The Adviser is affiliated with the General Partner. As described in Item 6, this creates a potential conflict of interest in that it may cause the Adviser or the General Partner to take greater risks than they may have otherwise. This conflict of interest is addressed as described in Item 6.

The General Partner and the Principal invest directly in the Fund, and the Principal also invests indirectly in the Fund through one or more family trusts. Employees of the Adviser may invest in the Fund. The Adviser has adopted a Code of Ethics concerning trading by personnel of the Adviser that is designed to detect and prevent potential conflicts of interest between the Adviser and the Fund and Investors. Please refer to Item 11 below for additional information regarding the Adviser's Code of Ethics.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Adviser's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to the Adviser's "Access Persons." Access Persons include, generally, any partner, officer or director of the Adviser and any employee or other supervised person of the Adviser (or an affiliate) who, in relation to the Fund, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All employees of affiliates of the Adviser are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account the Adviser's status as a fiduciary and requires Access Persons to place the interests of the Fund and Investors above their own interests and the interests of the Adviser and its affiliates. All Access Persons are required to acknowledge their receipt of, and agreement to abide by, the Code upon hire and at least annually thereafter. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of the Adviser's Chief Compliance Officer (the "Chief Compliance Officer").

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Adviser's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, the Adviser's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

The Adviser manages the potential conflicts of interest inherent in personal trading by Access Persons through rigorous enforcement of its Code, which contains limitations on Access Persons' personal investment activities. Access Persons' personal securities transactions are required to be made in accordance with the Adviser's Code. In addition, the Adviser receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer reviews Access Persons' personal transaction and holdings reports in an effort to ensure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

Perry Creek's Access Persons generally are permitted to invest in securities that are not "reportable securities" under Advisers Act Rule 204A-1. In addition, Supervised Persons generally may (1) invest in private investments and initial public offerings subject to the pre-approval and reporting requirements of the Code, and (2) close out "legacy positions" as described below, subject to the pre-approval and reporting requirements of the Code. Access Persons generally are prohibited from personal trading in the publicly-traded "reportable securities" that are held by the Fund. However, if upon hire, an Access Person holds any such reportable securities ("legacy positions"), the Access Person may retain them indefinitely or, subject to preapproval by the Chief Compliance Officer, close any such legacy positions, but may not make new investments in such securities while they are Access Persons of Perry Creek. Perry Creek believes that these personal trading restrictions effectively address the material potential



conflicts of interest with respect to the Fund that may arise as a result of personal trading activities.

The Adviser maintains a “Restricted List” with the names of issuers of securities about which the Adviser (or its Access Persons) has learned material, non-public information or that may require, for business or legal reasons that the Fund and Access Persons do not trade in the securities for a specific period of time. Access Persons are strictly prohibited from trading securities on the Restricted List (or any other securities to which the material, non-public information relates). In addition, the Code seeks to ensure the protection of non-public information about the activities of the Fund.

In addition, to the extent the Fund has investment opportunities that are in excess of amounts determined to be prudent for the Fund by the Adviser in its sole discretion, the Adviser may allocate such excess to third-party investors if the Adviser determines, in its sole discretion, that doing so will benefit the Fund. Any remaining amounts will be offered on a pro rata basis to limited partners (each “Limited Partners”) who have indicated an interest in co-investment. Thereafter, co-investment opportunities may be made available to additional third parties.

As explained in Item 10 above, the Adviser serves as investment adviser to the Fund. The Adviser recommends interests in the Fund to prospective Limited Partners. The Adviser, its affiliates and certain Access Persons have invested, and may continue to invest, in the Fund.

The fact that the Adviser, its affiliates and Access Persons may each have a financial ownership interests in the Fund creates a potential conflict in that it could cause the Adviser and its affiliates to make different investment decisions than if such parties did not have such financial ownership interests. Such potential conflicts are addressed by the personal securities transaction pre-clearance and holding requirements described in the Adviser’s Code of Ethics.

Limited Partners or prospective Limited Partners may obtain a copy of the Code by contacting the Chief Compliance Officer at [skupersmith@perrycreekcap.com](mailto:skupersmith@perrycreekcap.com).

## **Item 12 – Brokerage Practices**

As described in Item 4, above, the Adviser is the investment adviser to a private investment fund that invests in both private companies and publicly-traded securities, as disclosed in the Fund Documents. Perry Creek has sole authority for selecting the broker-dealer used in each transaction of publicly-traded securities and for negotiating fees paid to the broker-dealer in connection with such transactions. When executing transactions in exchange-traded securities, Perry Creek recognizes that it has a duty to seek “best execution” for any securities transactions made for the Fund.

Perry Creek will consider a number of factors in selecting appropriate broker-dealers, including, but not limited to, commission rates, reliability, financial responsibility, strength of the broker and the ability of the broker to efficiently execute transactions, the broker’s facilities, and the broker’s provision or payment of the costs of brokerage and research services. In the selection of brokers, Perry Creek may also be influenced by other services provided by brokers including, without limitation, marketing assistance, consulting with respect to technology, operations or equipment and other services or items. In addition, Perry Creek will conduct periodic and

systematic evaluations of its broker-dealers in the endeavor to meet its duty to obtain “best execution” of securities transactions made for the Fund.

The Fund may from time to time utilize third-party outsourced trading services providers. The total execution costs associated with transactions executed through such providers typically exceed the costs charged by the Fund’s prime brokers. This additional cost is offset in part through what we believe are better execution prices that such providers are able to obtain. Perry Creek believes that the use of an agent in such instances is consistent with its duty of obtaining best execution for its clients.

Perry Creek has not, as of the date of this brochure, utilized capital introduction or referral services provided by broker-dealers, and generally does not intend to utilize such services in the future, and accordingly does not consider such services in selecting broker-dealers for the Fund. The Investment Manager maintains no formalized “soft dollar” arrangements with broker-dealers, and will not enter into any such arrangements without the consent of the Advisory Committee.

Perry Creek will periodically evaluate the execution performance of broker-dealers to ensure that the services provided by the executing counterparties are the best available and to fully satisfy all “best execution” requirements. Perry Creek’s investment personnel who regularly interact with brokers will be asked to contribute to the review.

Perry Creek does not have directed brokerage arrangements.

Perry Creek recognizes that, as a fiduciary, it has a duty to allocate investment opportunities among its private funds in a fair and equitable manner. Currently, Perry Creek’s only client is the Fund. If in the future Perry Creek manages additional funds or separately-managed accounts, it will adopt detailed aggregation and allocation procedures appropriate for its clients. In any event, if Perry Creek determines that it would be appropriate for more than one client to participate in an investment opportunity, Perry Creek will seek to allocate the investment opportunity to all of the participating clients on a fair and equitable basis.

### **Item 13 – Review of Accounts**

The Fund’s portfolio and investments will be under continuous review by Perry Creek’s Principal and investment personnel and include review of investment performance, valuation changes, market developments, adherence to investment guidelines and strategies, risk analysis and monthly reporting.

Generally, Limited Partners will receive unaudited reports at least quarterly. In addition, Limited Partners will receive annual audited financial statements within 120 days of the fiscal year-end.

### **Item 14 – Client Referrals and Other Compensation**

Perry Creek does not currently have any agreements with third parties to act as solicitors for clients or for Limited Partners in the Fund but may in the future do so. As applicable, all such compensation would be fully disclosed to each client consistent with applicable law. All such referral activities would be conducted in accordance with Rule 206(4)-(3) under the Advisers Act, as well as relevant SEC guidance.

### **Item 15 – Custody**

The Adviser is deemed to have custody of the Fund's assets pursuant to Advisers Act Rule 206(4)-2. To ensure compliance with Rule 206(4)-2, the Adviser provides audited financial statements to Investors within 120 days after the end of the relevant Fund's fiscal year (*i.e.*, generally by April 30).

The Fund will invest in exchange-traded securities and such securities and other assets will be maintained with a qualified custodian under the Fund's name. The qualified custodians will send the Adviser the account statements for the Fund's account.

As the Adviser's investment program also involves investments in private companies, the Adviser generally will be exempt from the requirement that those securities be maintained with a "qualified custodian." The Adviser anticipates that the majority of its investments in private companies will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated to the extent ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer.

To the extent that the Adviser's investments involve securities that are certificated, but also are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering and (ii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer, the Adviser will maintain such certificates with a qualified custodian or otherwise rely on the provisions of the August 1, 2013 IM Guidance Update issued by the SEC's Division of Investment Management which provides that certain certificated, privately-offered securities are no longer required to be maintained with a qualified custodian.

### **Item 16 – Investment Discretion**

The Adviser has discretionary authority to manage securities accounts on behalf of the Fund. The Adviser is authorized to make transaction recommendations for the Fund. Limited Partners do not have the ability to impose limitations on the discretionary authority of the Adviser.

Each Investor must execute a subscription agreement in which it makes various representations, including representations regarding its suitability to invest in a high-risk investment pool. Further, each Investor must execute a limited partnership agreement that contains a limited power of attorney.

### **Item 17 – Voting Client Securities**

Perry Creek understands and appreciates the importance of proxy voting. Perry Creek has developed policies and procedures in the event that it must vote proxies on behalf of the Fund.

Perry Creek will vote any proxies received in the best interests of the Fund and in accordance with any procedures described to Limited Partners. Prior to voting any proxies with respect to the Fund, Perry Creek will review the applicable proxy solicitation materials for potential conflicts of

interest. If a conflict is identified, Perry Creek will determine whether the conflict is material. If no material conflict is identified pursuant to these procedures, Perry Creek will vote such proxy in accordance with the best interests of the Fund.

If a material conflict is identified, Perry Creek will consider the conflict and determine what course of action is in the best interests of the Fund. Further, Perry Creek will determine (in its sole discretion) whether it is appropriate to disclose the conflict to Limited Partners.

Investors do not have the ability to direct proxy votes. Limited Partners may obtain additional information regarding how Perry Creek has voted proxies and may obtain a copy of Perry Creek's proxy voting policies and procedures by contacting the Chief Compliance Officer at [skupersmith@perrycreekcap.com](mailto:skupersmith@perrycreekcap.com).

### **Item 18 – Financial Information**

The Adviser has not, as of the date of this Brochure, commenced operations.

The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. The Adviser has not been the subject of a bankruptcy petition.