

# **Form ADV Part 2A: Firm Brochure**

## **Argentem Creek Partners LP**

March 22, 2017

### **Principal Office**

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**This Brochure provides information about the qualifications and business practices of Argentem Creek Partners LP (“Argentem Creek”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at (877) 235-4500. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

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

Argentem Creek is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

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## Item 2: Material Changes

In this Item, registered investment advisers are to summarize in their annual update material changes made to Form ADV Part 2A since the last annual update. In this annual update, we have summarized below the material changes made since our last annual update on March 29, 2016. In addition to the material changes described below, this update includes certain technical, stylistic or clarifying changes intended to enhance the overall Form ADV Part 2A.

- In Item 8, we enhanced our disclosure of investment risk.
- In Item 10, we moved (from Item 5) and updated the disclosure concerning our valuation policies, added additional conflicts of interest, and included a discussion of the allocation of fund expenses.
- In Item 12, we enhanced our discussion of soft dollar usage.
- In Item 17, we expanded our discussion concerning proxy voting.

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## **Item 4: Advisory Business**

Argentem Creek Partners LP is a registered investment adviser organized as a limited partnership under the laws of the State of Delaware. Argentem Creek was formed in connection with the spinout of certain private investment funds from Black River Asset Management LLC (“Black River”) in December 2015. Argentem Creek is the successor to Black River’s Emerging Market Credit Opportunity Team, which, among other things, was responsible for sourcing, trading and investing in high yield, structured and distressed corporate debt in emerging markets.

Argentem Creek was co-founded by Daniel Chapman, Managing Partner, Chief Executive Officer and Chief Investment Officer, and Charles Friedberg, Managing Partner, President and Chief Operating Officer. Mr. Friedberg oversees Argentem Creek’s day-to-day operations, while Mr. Chapman, together with other investment professionals, executes Argentem Creek’s investment strategy. Mr. Chapman is the principal owner of Argentem Creek through Argentem Creek Holdings LLC.

Argentem Creek serves as the investment adviser to private investment vehicles (“Private Funds”), and in such capacity provides portfolio management and investment advisory services to the Private Funds. Through the Private Funds, Argentem Creek primarily invests in high yield debt, bankruptcy situations, and out-of-court restructurings and workouts involving companies located or doing business in emerging markets and lesser developed countries. Argentem Creek’s investment advice is limited to such investments that are permissible in accordance with each Private Fund’s offering documents and operating documents (collectively, “Fund Documents”). Additional information regarding the type of investments made by the Private Funds is provided in Item 8. Argentem Creek does not currently serve as an investment adviser to any institutional managed accounts but it may do so in the future.

As of December 31, 2016, Argentem Creek managed approximately \$913,942,918 of Regulatory Assets Under Management (as defined in Form ADV Part 1) on a discretionary basis. Argentem Creek does not currently manage any assets on a non-discretionary basis.

## **Item 5: Fees and Compensation**

Advisory Fees paid by the Private Funds to Argentem Creek are described in the respective Fund Documents. Argentem Creek is generally paid a management fee by each Private Fund monthly or quarterly, as the case may be, in advance or otherwise in accordance with the relevant Fund Documents. Argentem Creek is authorized under the relevant Fund Documents to charge management fees. Currently, Argentem Creek deducts management fees directly from the assets of the Private Funds. Please refer to the Fund Documents of each applicable Private Fund for complete information on the fees and compensation payable with respect to such Private Fund.

The Private Funds pay for all expenses attributable to the Private Funds’ activities and investments as described in the relevant Fund Documents.

Disclosures regarding brokerage and other transaction costs are set forth in Item 12, below.

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Argentem Creek may also receive incentive compensation or income based on net appreciation or realized return. Argentem Creek may agree to charge higher or lower fees, different fee structures, or different expense payment arrangements depending on a number of factors, including but not limited to, whether investor accounts are employee or affiliate-related, if an increase in assets is expected, and the length of an investor relationship.

Information concerning Argentem Creek's valuation practices is contained in Item 10, below.

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

In certain instances, Argentem Creek receives either incentive income or charges the Private Funds a performance-based fee. The assessment of performance-based fees and any allocations based on performance will be done in accordance with all requirements for such compensation arrangements as specified under Rule 205-3 of the Advisers Act and rules promulgated thereunder, including the requirement that such fees may be charged only to "qualified clients" as that term is defined in Rule 205-3(d).

Performance-based fee and allocation arrangements theoretically create an incentive for Argentem Creek to make more speculative investments in the assets purchased for a Private Fund than it might otherwise make in order to increase the likelihood that Argentem Creek would be paid incentive fees or receive incentive allocations. As a general matter, this conflict is mitigated by provisions restricting the distribution of any incentive compensation relating to the Private Funds until after the return of all principal to investors and payment to them of any preferred return. This conflict is further mitigated by Argentem Creek's suitability obligation with respect to Private Fund investments. Performance-based fee arrangements create potential conflicts of interest for Argentem Creek. These conflicts of interest and how Argentem Creek addresses them are further described in Item 10 below.

## **Item 7: Types of Clients**

Argentem Creek's only current clients are private investment funds.

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

Argentem Creek's investment strategy primarily focuses on high yield debt, bankruptcy situations, and out-of-court restructurings and workouts involving companies located or doing business in emerging and lesser developed countries. Through the Private Funds it manages, Argentem Creek may invest across the capital structure in debt or equity securities that Argentem Creek believes are undervalued or otherwise likely to result in strong returns. Such investment may include debt and equity securities of public and private companies. In an effort to meet its investment objectives, Argentem Creek's investment approach emphasizes fundamental credit analysis, due diligence and a focus on the industries and market position of each of the companies in which the Private Funds will invest.

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The material risks presented by the strategies and financial assets pursued by Argentem Creek are set forth below and will apply to a Private Fund to the extent such fund uses the strategies or financial assets described. Additional information is contained in the Fund Documents of each Private Fund. This Brochure does not purport to contain complete disclosure of all risks that may be relevant to a prospective investor in a Private Fund.

Investing involves risk of loss that an investor should be prepared to bear. Investments by Argentem Creek involve significant risks. There can be no assurance that Argentem Creek will achieve the investment objectives of any particular Private Fund, avoid substantial, or complete, loss, or otherwise be able to carry out its investment strategy successfully.

### ***Market Risks in General***

Argentem Creek's strategy is subject to market risk: for example, directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, "flights to quality" and "credit squeezes." Certain strategies employed by Argentem Creek as well as investments in emerging markets generally have from time to time incurred sudden and dramatic losses as a result of such market events.

The particular or general types of market conditions in which the Private Funds may incur losses or experience unexpected performance volatility cannot be predicted, and the Private Funds may materially underperform other investment funds with substantially similar investment objectives and approaches.

Emerging market economies are more likely to react drastically to changes of economic conditions as compared to the more developed markets and have recently been undergoing severe disruptions.

### ***Investing in Emerging Markets Generally***

The Private Funds concentrate their investment activities primarily in emerging markets. While the potential investment returns in emerging markets can be higher than those available in more developed economies, the risks of such investments may also be correspondingly greater. Emerging markets can be inefficient and potentially illiquid markets in which the risk of market disruption is exacerbated. Consequently, the Private Funds are subject to the volatile economic conditions in these markets, which can be materially affected by governmental intervention, illiquidity and other factors. The general risks of emerging markets investing (in addition to issuer-specific risks) include, but are not limited to, the following:

Emerging market securities and derivatives may be less liquid and more volatile than comparable instruments in developed countries. Political or economic disruptions in a country in which a Private Fund invests may lead to a material, or complete, loss of such Private Fund's investment in that economy. Argentem Creek has no means of predicting where political or economic unrest will develop.

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Emerging markets securities have a much greater risk of default. In fact, it is quite possible that the issuers or guarantors of emerging markets securities will not, in fact, have the capacity and/or willingness to pay interest or principal as due in the event of adverse business, financial or economic conditions. A Private Fund may suffer from major defaults in the countries in which it is invested, while at the same time the emerging markets sector in general might be profitable for other investors.

Emerging market securities and derivatives may be more difficult to value than comparable instruments in developed countries.

Investments in emerging market securities and derivatives in certain markets may be restricted or controlled by certain governmental authorities, limiting or precluding a Private Fund from investing in such instruments, or materially increasing the costs of making such investments.

In emerging markets, a number of the most profitable trading opportunities are not available to all market participants. The Private Funds, in particular, as foreign investors, may not have the same access to, or may be excluded from, a number of transactions. In addition, once committed to a transaction, a Private Fund may not have the same opportunity to liquidate its positions (either to recognize profits or to limit losses) as other market participants.

The transaction costs incurred in emerging markets are materially higher than those in the more developed, efficient markets.

Certain emerging markets may have relatively underdeveloped markets and banking and telecommunications systems, which create risks related to settlement, clearing and registration of title. Furthermore, due to the relative unreliability of certain local postal and banking systems, a Private Fund may not realize all entitlements attached to its investments, for example, receiving all dividends.

Governments may impose currency controls or otherwise act to impede capital flows which could make it difficult or even impossible for a Private Fund to repatriate invested capital and/or any gains on such investments.

Accurate information regarding securities and derivatives and their related issuers may be more difficult to obtain and may be less reliable and such issuers may be subject to different accounting standards than are typical in more developed markets. In addition, in many emerging markets the equivalent of “inside information” is often available to a limited group of insiders who trade on it to their advantage, free of the restrictions on such practices imposed by the developed markets. Furthermore, emerging markets are generally significantly less regulated than comparatively more developed markets, including in respect of such matters as “full and fair disclosure” to all market participants. The Private Funds may be denied access to material information which is made available to others, particularly in light of the Private Funds’ status as a speculative pool of foreign capital.

### ***Trading on Exchanges in Emerging Markets***

The Private Funds may make investments through exchanges located in emerging markets, where the protections provided by U.S. regulations do not apply. Some exchanges in emerging markets,

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in contrast to U.S. exchanges, are “principals’ markets” in which performance with respect to a contract is the responsibility only of the individual member with whom a Private Fund has entered into the contract and not of the exchange or its clearinghouse, if any. In such cases, a Private Fund will be subject to the risk of the inability of or refusal by its counterparties to perform with respect to their contracts with the Private Fund. Trading on exchanges in emerging markets involves the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums, exchange or investment controls and political or diplomatic disruptions, each of which might materially adversely affect the Private Funds’ trading activities.

### ***Risk of Concerted Defaults throughout Emerging Markets***

The economies of different emerging markets vary widely and are often highly volatile. Argentem Creek recognizes that economic disruptions in a country in which a Private Fund is invested may lead to a material, or complete, loss on the Private Fund’s investment in that economy. It is possible that, as a result of concerted political/economic activities across nations in a particular economic region, “domino effect” defaults could occur. This has occurred from time to time in the past. Argentem Creek has no means of predicting where political or economic unrest will develop, and the Private Funds may suffer from major defaults in the countries in which it is invested, while at the same time other emerging market sectors in general might be profitable for other investors.

### ***Positive Correlation among Emerging Markets Issuers in Market Crises***

It appears to be generally true that in times of market crisis emerging markets instruments as a whole incur major declines in values. Not only do the same market events tend to have a similar effect on the economies of numerous different developing countries, but also as emerging markets debt is generally perceived as being “high risk,” any “flight to quality,” such as to U.S. Treasuries, typically devalues a wide range of emerging markets debt issues. Furthermore, a broad market decline in emerging markets asset values could not only reduce the value of a Private Fund’s emerging markets securities but itself provoke a wave of defaults on such Private Fund’s emerging markets debt holdings.

### ***Lack of Access to Legal Remedies in Emerging Markets***

Laws in certain emerging markets countries regulating ownership and corporate governance of domestic companies (for example, requiring the disclosure of a significant stock purchase or a majority shareholder to make a general offer to shareholders) may not exist or may confer little protection on minority shareholders. Disclosure and reporting requirements in general, from annual and quarterly reports to prospectus contents and delivery reporting requirements in general, range from minimal to non-existent. Anti-fraud and anti-insider trading legislation is generally rudimentary and enforcement is often lax. There may be no prohibitions or restrictions under local laws on the ability of management to terminate existing business operations, sell or otherwise dispose of their company’s assets, or otherwise to materially affect the value of the company without the consent of its shareholders. Anti-dilution protection may also be very limited. There may be a limited or no concept of any fiduciary duty on the part of management or the directors to the company, shareholders or creditors. Redress for violations of shareholder rights may be difficult in the absence of a system of derivative or class action litigation. In



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addition, courts and other arbiters may be especially prone to financial or other undue influence such that, even if certain of the Private Funds' rights are protected as a matter of law, enforcing such rights may not be possible or practical.

### ***Other Emerging Market Risks***

Investments in emerging markets present various other risks, including the risk that the investments will be subject to taxation in the local jurisdiction, which taxation could be subject to unexpectedly changed rules and which could be confiscatory. In addition, there is the risk of nationalization of certain issuers which could impair or eliminate the value of the securities of those issuers. Also, there is the general sovereign risk of unexpected changes in governments or in government policies.

### ***Changing Market Conditions***

Particularly in light of the concentration of the Private Funds' portfolios, certain changes in general market conditions could materially reduce the Private Funds' profit potential. Overall economic changes generally cause more severe swings in the emerging markets than in comparatively more developed markets. In addition, as emerging markets become less subject to state control, as yet unanticipated risks may develop, potentially materially adversely affecting the Private Funds.

### ***Competition; Potential Strategy Saturation***

The Private Funds will compete with numerous other private investment funds, financial institutions and other market participants (both diversified and specialized) many of which have resources substantially greater than the Private Funds'. In addition, due to the focus on the emerging markets, the Private Funds will compete not only with other investors and financial institutions but also potentially with governments and central banks which, from time to time, may intervene with the purpose of attempting to directly influence prices or otherwise regulate such markets.

A substantial amount of capital is committed to "alternative investment strategies." The profit potential of the Private Funds may be materially reduced as a result of the "saturation" of the alternative investment field and competition for the same or similar types of trades and transactions.

### ***Duration of Investment Holding Periods***

The various expected time horizons of the investments made by the Private Funds may make certain potentially promising investment opportunities unavailable to the Private Funds. It would not, for example, be advisable for one of the current Private Funds to knowingly make a five-year or longer commitment, irrespective of its expected profit potential. Similarly, the illiquidity of certain investments made by the Private Funds, especially in a restructuring scenario, may require a much longer than anticipated holding period for certain investments.

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## ***Volatility***

The prices of the instruments in which the Private Funds will invest have been subject to periods of extreme volatility in the past, and such periods can be expected to recur. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest-rate movements and general economic and political conditions. The effect of all these factors on market prices is exacerbated in the case of emerging markets trading. While volatility can create profit opportunities for the Private Funds, it can also create greater risk, especially given the concentrated nature of the Private Funds' portfolios in emerging markets and the developing conditions of these markets.

Attempts to evaluate market volatility are necessarily subjective and imprecise. Furthermore, the level of volatility, even if correctly determined initially, can change suddenly.

## ***Debt Securities***

The debt securities in which the Private Funds invest may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. In addition to high investment grade debt securities, a Private Fund may invest in low investment grade or non-investment grade debt securities, which are typically subject to greater market fluctuations and risks of loss of income and principal than lower yielding, investment grade securities and are often influenced by many of the same unpredictable factors which affect equity prices. In addition to the sensitivity of debt securities to overall interest-rate movements, debt securities involve a fundamental credit risk based on the issuer's ability to make principal and interest payments on the debt it issues. A Private Fund's investment in debt securities may experience substantial losses due to adverse changes in interest rates and the market's perception of issuers' creditworthiness.

The Private Funds also may invest in certain hybrid debt arrangements, which are subject to risks in addition to the conventional risks of general interest-rate movements and the issuers' ability to pay the debt in accordance with its terms. For example, if a Private Fund invests in syndicated debt such as loan participations, it is subject to certain additional risks as a result of having no direct contractual relationship with the borrower of the underlying loan. In such circumstances, a Private Fund will generally depend on the lender to enforce its rights and obligations under the loan arrangements in the event of a default by the borrower on the underlying loan and will generally have no voting rights with respect to the issuer, as such rights are typically retained by the lender. Such investments are subject to the credit risk of the lender (as well as the borrower) since they will depend upon the lender forwarding payments of principal and interest received on the underlying loan. There can be no assurance that the lender will not default on its obligations under such arrangements, resulting in substantial losses to the Private Fund.

## ***Inflation***

The substantial amounts of financial assistance which the governments and central banks have made available in an effort to resolve the recent economic crisis 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. There can

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be no assurance that inflation will not become a serious problem in the future and have a materially adverse impact on a Private Fund's returns.

### ***Interest-Rate Risk***

The prices of debt and other credit instruments, as well as equities-related instruments, can be highly sensitive to changes in interest rates. Interest-rate variations can materially affect the profitability of a Private Fund. Although the Federal Reserve Bank in the United States has indicated it will raise interest rates, it has not yet done so in a significant way and any such change or continued uncertainty could adversely impact a Private Fund.

### ***High Yield, Distressed and Defaulted Credits***

The Private Funds may invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or at times even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws (or the absence of laws) relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a tribunal's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and ask prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value, which may not occur until after a Private Fund's term has expired. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (*e.g.*, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Private Fund of the security in respect to which such distribution was made. Currently, many of the bonds in which the Private Funds may invest are traded in a principal-to-principal or over-the-counter market rather than on an exchange. As a result, the Private Funds will not be afforded the regulatory and financial protections of an exchange.

### ***Rating Agency Uncertainty***

Downgrading of issuers and in which a Private Fund has invested could lead to substantial losses, and Argentem Creek may not be able to rely with confidence on the ratings given to issuers in which Argentem Creek is considering investing on behalf of a Private Fund.

### ***Trade Claims***

The Private Funds may acquire trade claims — *i.e.*, amounts due from a company to its suppliers. Trade claims are not "securities" for regulatory purposes, and a Private Fund, in investing in trade

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claims, will not have the protection of the securities laws. Trade claims are typically highly illiquid and may have a relatively junior position as compared to securities and other debt owed by the issuer. There may be defenses to trade claims — for example, the services or products furnished not meeting specifications — of which Argentem Creek may not be aware at the time of a Private Fund’s acquisition of such claims.

### ***Bank Loans***

The Private Funds may acquire interests in bank loans and other debt obligations either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. A participation interest in a portion of a debt obligation typically results in a contractual relationship with only the institution acting as a lender under the credit agreement, not with the borrower. As a holder of a participation interest, a Private Fund generally will have no right or may only have a limited right (depending on the terms of the relevant credit agreement) to exercise the rights of the lender under the credit agreement, including the right to enforce compliance by the borrower with the terms of the loan agreement, approve amendments or waivers of terms, nor will the Private Fund have any rights of set-off against the borrower, and the Private Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Private Funds will be exposed to the credit risk of both the borrower and the institution selling the participation.

The Private Funds may invest directly or through participations in loans with revolving credit features or other commitments or guarantees to lend funds in the future. A failure by a Private Fund to advance requested funds to a borrower could result in claims against the Private Fund and in possible assertions of offsets against amounts previously lent.

### ***Derivatives in General***

The Private Funds may use derivative financial instruments, including, without limitation, warrants, options, swaps (including credit default swaps), convertible securities, notional principal contracts, contracts for differences, forward contracts, futures contracts and options, primarily for hedging but also for other protective or enhancing investment purposes. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty nonperformance as well as of material and prolonged deviations between the theoretical and the realizable value of a derivative (*i.e.*, due to nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly for the Private Funds to close out positions in order either to realize gains or to limit losses. These anticipated risks (and other risks that may not be anticipated) may make it difficult as well as costly for a Private Fund to liquidate investments in order either to realize gains or to limit losses.

Although Dodd-Frank requires certain derivatives to be traded on exchanges, currently many of the derivatives in which the Private Funds may invest are principal-to-principal or “over-the-

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counter” contracts between a Private Fund and third parties entered into privately, rather than on an exchange. As a result, the Private Funds will not be afforded the regulatory and financial protections of an exchange or its clearinghouse (or of the government regulator that oversees such exchange and clearinghouse). In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

Many derivatives are valued on the basis of dealers’ pricing of these instruments. However, the price at which dealers value a particular derivative and the price at which the same dealers would actually be willing to pay for such derivative should a Private Fund wish or be forced to sell such position may be materially different. Such differences can result in an overstatement of a Private Fund’s value and may materially adversely affect a Private Fund in situations in which the Private Fund is required to sell derivative instruments. These risks are exacerbated when valuing instruments associated with emerging markets.

The Private Funds’ use of derivatives and other techniques (such as short sales) for hedging and other purposes involves certain additional risks, including: (i) imperfect correlation between movements in the asset on which the derivative is based and movements in the asset being hedged; and (ii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a Private Fund’s assets segregated to secure its obligations under derivatives contracts. By hedging a particular position, a Private Fund may limit the potential gain from an increase in value of such position, but may not achieve a commensurate increase in risk control.

### ***Equities***

The Private Funds may invest its capital in long and short positions in equities. Numerous inter-related and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and other factors, influence the cost of equities. There can be no assurance that Argentem Creek will be able to predict future price levels correctly. The Private Funds’ equity positions typically are leveraged, and even comparatively minor adverse market movements can result in substantial losses. In addition, in many countries investing in equity is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments.

### ***Equity-Linked Instruments and Related Derivatives***

A number of the financial instruments in which the Private Funds invest are referenced to underlying equities but incorporate other components — duration, strike price, premiums, etc. — which can result in a Private Fund’s positions being unprofitable even though Argentem Creek correctly assessed the market value of the underlying equity.

### ***Options***

Options may be invested in on and off exchanges. An option is a right, purchased for a certain price, to either buy or sell an underlying futures contract, security, other financial instrument or physical commodity during a certain period of time or at a certain time for a fixed price. Such investing involves risks substantially similar to those involved in investing in futures and forward

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contracts in that options are speculative and highly leveraged. Specific market movements of the instruments 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 a theoretically unlimited risk of loss resulting from differences among the premium received for the option, the strike price of the option and the price of the underlying instrument or reference price used to settle the option. Market volatility is a fundamental component of options pricing. Argentem Creek may buy or sell (write) both call options and put options on behalf of the Private Funds on either a covered or an uncovered basis.

### ***Repurchase Agreements and Reverse Repurchase Agreements***

The Private Funds may enter into repurchase and reverse repurchase agreements. A repurchase agreement involves the sale of an asset by a Private Fund and its agreement to repurchase the asset at a specified time and price (thereby financing the Private Fund's acquisition of such asset). If the party agreeing to repurchase should default, as a result of bankruptcy or otherwise, the Private Fund may seek to sell the assets which it holds, which action could involve costs or delays in addition to a loss on the assets if their value should fall below their repurchase price. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Private Fund's ability to dispose of the underlying assets may be restricted. Similarly, entering into reverse repurchase agreements involves certain risks. Reverse repurchase agreements involve the purchase by a Private Fund of an asset from a bank or broker-dealer that agrees to repurchase the asset at the Private Fund's cost plus interest within a specified time (thereby enabling the Private Fund to earn a yield on the funds used to purchase such asset). Under a reverse repurchase agreement, a Private Fund continues to receive any principal and interest payments on the underlying asset during the term of the agreement.

### ***Convertible Securities***

The Private Funds may invest in convertible securities. Convertible securities are generally debt securities or preferred stocks that may be converted into common stock. Convertible securities typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A convertible security's value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. Since it is convertible into common stock, the convertible security generally has the same types of market and issuer risk as the underlying common stock. Convertible securities that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion and ultimately default risk, as discussed above. Convertible securities are also prone to liquidity risk as demand can dry up periodically, and bid/ask spreads on bonds can widen significantly.

An issuer may be more likely to fail to make regular payments on a convertible security than on its other debt because other debt securities may have a prior claim on the issuer's assets, particularly if the convertible security is preferred stock. However, convertible securities usually have a claim prior to the issuer's common stock. In addition, for some convertible securities, the issuer can choose when to convert to common stock, or can "call" (redeem) the convertible security, which may be at times that are disadvantageous to a Private Fund. Finally, because

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convertible arbitrage also involves the short sale of underlying common stock, the strategy is also subject to stock-borrowing risk, which is the risk that Argentem Creek will be unable to sustain the short position in the underlying common shares.

### ***Over-the-Counter Derivatives***

The Private Funds may invest in instruments, including, without limitation, exchange-traded and bilateral over-the-counter (“OTC”) derivatives contracts such as futures, options, swaps and forwards, primarily for hedging but also for other protective or enhancing investment purposes. Certain of these instruments are traded in markets that are in developmental stages and may expose a Private Fund to unusually volatile returns and illiquidity. While these markets have had good profit potential in the past, it is reasonable to expect that trading margins will erode as these markets mature.

Bilateral OTC derivatives have the same risks associated with them as other derivative financial instruments (see “—*Derivatives in General*,” above) — including a high degree of leverage, periods of illiquidity, deviations between the theoretical and realizable value of the reference commodity and the derivative and imperfections in dealer pricing. To the extent OTC derivatives are entered into in the U.S. (and, in certain circumstances, outside the U.S.), they are subject to regulation under Dodd-Frank.

To the extent not mitigated by implementation of Dodd-Frank, if at all, the risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of a Private Fund’s assets, include: (1) credit risk (the exposure to the possibility of loss resulting from a counterparty’s failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset or commodity); (3) legal risks (the characterization of a transaction or a party’s legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (4) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) systemic risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty). For OTC derivatives that are cleared through a clearing house, there is the additional risk that the clearing house may become insolvent or lack the financial resources to assure performance in the event of a clearing house member’s default.

Participants in OTC markets are not required to make continuous markets in the contracts they trade. Accordingly, OTC derivatives may not have continuously liquid market. There can be no assurance that a Private Fund will be able to liquidate an OTC derivative at a favorable price, or, where relevant, at any time prior to its expiration. In addition, if a counterparty to a non-cleared OTC transaction becomes insolvent, the Private Fund may be unable to liquidate the OTC instrument. A failure by a dealer to take delivery of the underlying securities in connection with a

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non-cleared OTC derivative transaction (for example, an option) would result in the loss of the premium paid by the Private Fund as well as the loss of the expected benefit of the transaction.

### ***Other Instruments***

The foregoing descriptions of instruments in which the Private Funds may invest as well as the associated risks are not intended to be exhaustive. The Private Funds may also invest in various other instruments from time to time in pursuing the Private Funds' objectives, which may be subject to similar or different risks than those described above (including, but not limited to, new markets and instruments not currently in existence). Additionally, while Argentem Creek determines how to deploy the Private Funds' capital, the Private Funds may invest more of their assets in cash and cash equivalents. Although a Private Fund's investments in cash and cash equivalents primarily would be intended to avoid losses, this type of investing also could prevent the Private Fund from achieving its investment objectives.

### ***Lack of Diversification***

Subject to the investment restrictions of the respective Fund Documents, in attempting to maximize a Fund's returns, Argentem Creek may concentrate holdings of a Private Fund in those countries, asset classes, industries, issuers, markets, sectors or strategies that, in the sole judgment of Argentem Creek, provide the best profit opportunities consistent with a Private Fund's investment objectives of focusing primarily on making medium- to long-term investments in emerging markets credit instruments and other related investments. The Private Funds will not be diversified investment vehicles. The lack of diversification of the Private Funds' portfolio investments materially increases the risk of loss resulting from general market developments or other reasons. The failure of even a limited number of a Private Fund's investments could make it highly unlikely that such Private Fund will be able to achieve its investment objective or avoid substantial overall losses. Furthermore, 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 Private Funds will not be positively correlated with a traditional portfolio of stocks and bonds or even other alternative investments.

The Private Funds are suitable holdings (if at all) for only a limited portion of the risk segment of investors' portfolio.

### ***No Material Restrictions***

Subject to the investment restrictions of the relevant Fund Documents and within the general limitation of concentrating a Private Fund's portfolio in high yield, distressed and defaulted debt of corporate credits in global emerging markets and other related investments, there are no material restrictions on the instruments, markets or countries in which any Private Fund may invest or on the strategies which may be employed by Argentem Creek on behalf of a Private Fund.

### ***Potential for Insufficient Investment Opportunities***

Argentem Creek may not be able to secure a sufficient number of investment opportunities to utilize the full amount of the capital contributions made by investors to the Private Funds. The



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activity of identifying, completing and realizing attractive investments is competitive and involves a high degree of uncertainty. The availability of investment opportunities also is subject to market conditions as well as to the prevailing regulatory and political climate.

### ***Projections***

Investment decisions are made based on a variety of factors, including projections developed by Argentem Creek. Projections are inherently uncertain and subject to factors beyond the control of either Argentem Creek or the investment in question. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of unforeseen events could impair or eliminate the ability of an investment to realize projected values and/or cash flow.

### ***Illiquid Investments***

The Private Funds have been formed to make medium- to long-term commitments to high yield, distressed and defaulted emerging markets credit instruments and other related investments, and Argentem Creek generally expects that the Private Funds will hold certain investments for a matter of years. Although investments by the Private Funds may occasionally generate some current income, the return of capital and the realization of gains, if any, from the Private Funds' assets generally will occur only upon their partial or complete disposition.

Argentem Creek likely will attempt to enhance the liquidity of certain Private Fund investments through restructurings, reorganizations or otherwise. However, to the extent that there is no trading market for certain assets of a Private Fund, such Private 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 of a Private Fund's investments will be found. In particular, there may be limited funding capacity in the capital markets and, as a result, there may be lower demand for illiquid investments such as those in which a Private Fund may invest as fewer buyers are able to raise financing on attractive terms to purchase the investments, thereby making such investments more illiquid than they may have been in the recent past. The Private Funds may therefore be required to hold securities and instruments despite adverse price movements. For example, during the 2008 market crisis, emerging market credit assets held by certain of Black River's investment funds became highly illiquid, resulting in substantial losses and the restructuring and/or liquidation of such funds.

Due to the potential illiquid nature of the Private Funds' investments (and even though Argentem Creek may hedge certain risks), a primary means of reducing risk would be diversification, as it may not be possible to liquidate part or all of an investment so as to limit losses. However, the Private Funds' investment objectives are to acquire medium- to long-term emerging markets credit instruments and other related investments and, accordingly, the Private Funds will not be diversified. Although the Private Funds may make opportunistic hedging or other enhancing or protective investments, such investments, if made, will not constitute any meaningful diversification of the Private Funds' portfolio.

The illiquidity of any of the Private Funds' investments can present materially increased risk in emerging markets as inflation, exchange rate declines, political events and/or other factors could

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materially reduce the value created before the Private Funds have the opportunity to realize such value.

Argentem Creek will value the illiquid securities and instruments in the Private Funds' portfolios in its good faith discretion; there can be no assurance that these valuations will accurately predict the price at which an arm's-length buyer would be willing to purchase the securities or instruments. Notwithstanding the foregoing sentence, during any time that the underlying assets of a Private Fund are considered for purposes of Title I of ERISA or Section 4975 of the Code to be assets of employee benefit plans or other plans, Argentem Creek will obtain third party or market prices in an effort to objectively value assets of such Private Fund. Argentem Creek's valuation of these positions may prove to be materially inaccurate and result in inflated advisory fees paid to Argentem Creek, the over- or under-payment of distribution proceeds or greater or lesser allocations of profits and losses.

### ***Uncertain Exit Strategies***

Due to the illiquid nature of many (if not all) of the investments which the Private Funds expect to make, Argentem Creek is unable to predict with confidence what, if any, exit strategy will ultimately be available for any given core position. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors. The larger the transaction in which a Private Fund is participating, the more uncertain the Private Fund's exit strategy may tend to become.

### ***Unregulated Transactions***

The Private Funds' primary investment strategies frequently involve trading or investing on markets that are only lightly regulated. While there are various regulations which apply to the markets in which the Private Funds invest, these are substantially unregulated markets as compared to the financial markets of more developed countries. Argentem Creek may find themselves at a material informational and/or market access disadvantage as compared to certain competitors — especially as there may be no governmental policy favoring “leveling the playing field” for different market participants (for example, by preventing the equivalent of “insider trading”).

### ***Risk of Failure to Restructure; Execution Risk***

Argentem Creek's investment strategy may rely on the Private Funds participating in, and in certain cases taking a substantive role in, the restructuring of a company in which a Private Fund is invested. There can be no assurance, however, that such company will successfully implement the expected restructuring prior to the end of a Private Fund's term or that, even if it does so, that such Private Fund's investment will benefit from such restructuring. In addition, a Private Fund may be required to exit a position prior to the full realization of the anticipated value of the investment for any number of reasons, which could result in losses to such Private Fund.

There are many steps to any restructuring, each of which carries its own execution risk. During a restructuring process, a Private Fund is subject to the decisions of the other creditors, an applicable court or other arbiter, the company, regulators and others. Even if Argentem Creek is

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able to effectively assist in the restructuring process, decisions by any of these other parties, which are outside of Argentem Creek's control, may result in adverse consequences to the Private Fund. If a company in which a Private Fund is invested does not successfully undergo a restructuring on which Argentem Creek's strategy depends, such Private Fund may suffer substantial or total losses.

### ***Difficulty of Exercising Remedies***

In the event the issuer of one or more of a Private Fund's investments is or becomes insolvent, it may be difficult for such Private Fund to exercise its rights and remedies as a creditor or to otherwise effect a planned reorganization, restructuring or bankruptcy. Judicial proceedings in emerging markets may not be completed for months or even years, are subject to uncertainties arising from unevenly applied procedures and regulations and may be subject to financial or other undue influence. In emerging markets, a Private Fund's likelihood of succeeding in asserting its rights and remedies is further diminished by the fact that the substantive rules governing formal proceedings may be underdeveloped. Furthermore, a foreign insolvency proceeding or other restructuring may not be recognized in the U.S. or dissenting activist investors may work to undermine restructurings.

The Private Funds may make investments in restructurings and workouts that involve companies that are experiencing, or are expected to experience, severe financial difficulties, which may never be overcome and may lead to uncertain outcomes. Courts and other government bodies typically have broad discretion to control the terms of a reorganization, and political factors may be of significant importance in the higher profile bankruptcies. For example, in order to protect net operating losses of a company in bankruptcy, a governmental body might take any number of actions, including prohibiting or limiting the transfer of claims held by certain classes of creditors. Such a prohibition could have a material adverse effect on the value of certain investments made by the Private Funds. For example, a Private Fund might be prohibited from liquidating investments that are declining in value.

If a Private Fund is unable to effectively assert its rights and remedies in court or other proceedings, it may not be able to implement its strategy with respect to one or more investments and, as a result, may incur substantial losses.

### ***Subordination, "Cramdowns" and Dilution***

A Private Fund, to the extent it is a senior secured creditor of an issuer, could find itself subordinated to otherwise junior creditors, depending on the laws of the applicable jurisdiction. For example, a bankrupt issuer may be able to apply under local law to the relevant court for "debtor in possession" or similar financing in order to obtain new capital for its operations. The persons who invest such new capital would take a senior position to such Private Fund, even though such Private Fund was previously senior to such persons. In such circumstances, the Private Fund may or may not be given an opportunity to participate in such financing.

A reorganization plan approved by any judicial or administrative body may result in a number of different creditors being compelled to accept materially adverse changes to the terms of the debt that they hold, including reduced interest rates, extended maturities and reduced acceleration

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rights. Such “cramdowns” may be imposed in the discretion of such governmental bodies in order to give the issuer a better chance of remaining economically viable.

In a reorganization, substantial amounts of equity are often issued to the senior lenders in return for the extinguishment of their debt. This can result in substantial dilution to an equity position previously acquired by a Private Fund — either directly or through the acquisition of convertible debt.

### ***Uncertainties of Foreclosure Process***

If it becomes necessary to foreclose on the assets underlying a loan acquired by a Private Fund, significant uncertainty may arise as to the outcome of the proceeding. Courts or other arbiters typically have broad discretion as to how they deal with the claims of different creditors, and the claims of secured creditors may not — despite their legal entitlement — always be respected as a matter of policy. There is a greater uncertainty in many emerging markets with respect to foreclosure proceedings because the laws in such markets often are not designed to address institutional lending.

### ***Fraudulent Conveyance Considerations***

Laws enacted for the protection of creditors may apply to certain investments that are debt obligations, although the existence and applicability of such laws will vary from jurisdiction to jurisdiction. For example, if a court were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and other conditions are met, such court could invalidate such indebtedness and such security interest or other lien as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower (including to a Private Fund) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, if an issuer in which a Private Fund has an investment becomes insolvent, any payment made on such investment may be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before insolvency.

In general, if payments on an investment are voidable, whether as fraudulent conveyances, preferences or under similar laws, such payments can be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from a Private Fund, the resulting loss will be borne by such Private Fund’s investors.

Emerging markets jurisdictions may or may not have remedies such as fraudulent conveyance or preference. The lack of such remedies, however, may also have a material adverse effect on the Private Funds if companies in which they are invested are not able to recapture payments that otherwise would have been paid out to creditors such as the Private Funds if such remedies were available.

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### ***General Risks of Real Estate Collateral***

In making loans secured by real estate, a Private Fund is subject to all of the risks inherent in investing in real estate and real estate-related investments. These risks may include, without limitation, general and local economic and social conditions, fluctuations in real estate values, the financial resources of tenants, vacancies, changes in tax, zoning, building, environmental and other applicable laws, real property tax rates, changes in interest rates and the availability of mortgage funds. Such risks also include fluctuations in occupancy rates, rent schedules and operating expenses, which could adversely affect the value of the properties. There can be no assurance of profitable operations for any real estate property or the repayment of any debt investment made by a Private Fund that is secured by such property. The cost of operating a property may exceed the rental income it generates, and a Private Fund may be forced to advance funds to protect an equity investment, forego the receipt of interest income on debt investments and/or dispose of commercial real estate collateral on disadvantageous terms.

### ***Uncertain Recovery Value of Collateral***

The investments made by the Private Funds may or may not be secured. To the extent potential investments are secured, a substantial component of Argentem Creek's analysis of the desirability of making such investments relates to the estimated residual or recovery value of such investments in the event of the insolvency of the issuer. This residual or recovery value will be driven primarily by the value of the underlying assets constituting the collateral for such investment. The value of collateral can, however, be extremely difficult to predict and in certain market circumstances there could be little, if any, market for such assets. Moreover, depending upon the status of these assets at the time of an issuer's default, they may be substantially worthless. The types of collateral owned by the issuers in which the Private Funds invest will vary widely.

Furthermore, Argentem Creek's evaluation of the residual/recovery value of collateral as well as likely near- to mid-term market conditions depends in substantial part on the integrity of the data gathered by Argentem Creek. Not only may such data prove to be unreliable but, even if reliable, changing markets and regulations may cause such data not to be representative of current market conditions.

### ***Reliance on the Integrity of Financial and Economic Reporting***

The Private Funds' investment strategy will rely on the financial, economic and policy data made available by issuers, government agencies, rating agencies, professional services firms and central banks. Such data can have a material influence and effect on the investment positions taken by Argentem Creek on behalf of the Private Funds. However, Argentem Creek generally has no ability to independently verify such information and is dependent on the integrity and competence of the individuals and processes by which such data are generated. A Private Fund could incur material losses as a result of the misconduct or incompetence of such individuals and/or a failure of or substantial inaccuracy in the generation of such information. Past events have demonstrated the material losses which investors can incur as a result of corporate (as well as government agency) mismanagement, fraud and accounting irregularities.

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### ***Risks Relating to Due Diligence of, and Conduct at, Issuers***

Argentem Creek's due diligence process may involve the evaluation of complex business, financial, tax, accounting, environmental and legal issues. When conducting due diligence and making an assessment regarding an investment, Argentem Creek relies on the resources available to it, including information provided by issuers and, in some circumstances, third-party investigations. There can be no assurance that Argentem Creek's due diligence process will uncover all facts and information that may be relevant to evaluating a potential investment opportunity. Furthermore, the fact that Argentem Creek may conduct a due diligence review does not necessarily mean that the corresponding investment will be successful.

There can be no assurance that the Private Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during its efforts to monitor investments on an ongoing basis. In the event of fraud by an issuer or any of its affiliates, a Private Fund may suffer a partial or total loss of capital invested. An additional concern is the possibility of material misrepresentation or omission on the part of an issuer. Such inaccuracy or incompleteness may adversely affect the Private Funds. The Private Funds will rely upon the accuracy and completeness of representations made by issuers when it makes its investments, but cannot guarantee such accuracy or completeness.

### ***Lack of Control over Issuers***

Unlike private equity styled investment funds, Argentem Creek does not generally intend for the Private Funds to take an active role in the management of any issuer in which it will invest and will likely hold credit instruments of an issuer. Accordingly, the Private Funds may be unable to exercise control over their investments, and the investors with the controlling interests in the issuers may be able to take actions which adversely affect the value of the Private Funds' investments.

Argentem Creek may, however, determine in certain situations to attempt to influence an issuer's management, especially in respect of a restructuring or similar process. As a general matter, influencing the management of a company (or being deemed to do so) creates additional risks and may expose the assets of the Private Fund to claims by such company, its security holders and its creditors, including claims that the Private Fund is a controlling person and thus is liable for securities laws violations of such company. Additional claims may result from or relate to the bankruptcy or reorganization of such company, fiduciary duties (or other duties or levels of care) under applicable corporate or securities laws, and environmental laws or other legal principles. Further, taking influencing positions in an issuer could limit a Private Fund's eventual ability to transact in its equity securities.

### ***Use of Leverage***

The Private Funds trade and invest on a leveraged basis through the use of margin and the significant degree of leverage typically embedded in various derivative instruments, as well as through bank or other borrowings. Losses incurred on the Private Funds' leveraged investments increase in direct proportion to the degree of leverage employed.

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In addition to increasing the risk of loss, the use of leverage also may result in the forced liquidation of positions (which might otherwise have been profitable) as a result of margin or collateral calls.

The Private Funds also incur interest expense on the borrowings used to leverage its positions. To the extent that the assets of a Private Fund have been leveraged through the borrowing of money, the purchase of securities or other assets on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. If gains earned by a Private Fund's portfolio fail to cover such costs, the value of such Private Fund may decrease faster than if there had been no borrowings made by such Private Fund.

There can be no assurance that the Private Funds will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks, brokers, dealers and other counterparties that will provide financing to the Private Funds can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by the banks, brokers, dealers and other counterparties in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swaps, repurchase agreements and other leveraging arrangements, as well as cross-defaults to agreements with other dealers. The financing available to the Private Funds from banks, dealers and other counterparties are particularly likely to be restricted or withdrawn in disrupted markets. The imposition of such limitations or restrictions could compel a Private Fund to liquidate all or a portion of its portfolio at disadvantageous prices. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time.

The financing available to the Private Funds from banks, dealers and other counterparties is likely to be restricted or withdrawn in disrupted markets. In 1994, 1998 and again in 2008, a sudden restriction of credit by the dealer community resulted in forced liquidations of positions at distressed levels and consequently caused major losses for a number of private investment funds applying strategies similar to those implemented by the Private Funds.

### ***Financial Intermediary Credit Risk***

The institutions, including brokerage firms, banks, derivatives counterparties and futures commission merchants, with which the Private Funds may do business, or to which its assets may be entrusted for custodial purposes, may encounter financial difficulties that impair their operational capabilities or result in losses to a Private Fund. In particular, a number of the counterparties and brokers in emerging markets have substantially weaker financial positions than developed market counterparties and brokers. Emerging market regulation of the solvency of market participants is often ineffective or non-existent.

The Private Funds typically will not control the custodianship of its holdings. The assets of a Private Fund may be held by a wide number of custodians throughout the world. The banks selected to act as custodians may become insolvent, causing such Private Fund to lose all or a portion of its assets held by those parties. Additionally, some of the Private Funds' assets may be privately issued and/or uncertificated for which there is no qualified custodian (for example, trade

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claims or loans). Such assets are held in the name of the Private Fund, but are not held by a qualified custodian. Many emerging market financial instruments are evidenced by physical certificates. Inadequate custody of such certificates can lead to the loss of the corresponding economic positions.

Events over the last decade, including major bank failures such as Lehman Brothers, demonstrated the extent to which investors, especially investors trading with leverage or who have otherwise posted substantial collateral with counterparties, are exposed to counterparty risk. In particular, it appears that many clients of failed custodians believed that their funds on deposit to support their trading had the benefit of customer protected “segregation” when this was not necessarily the case. In addition, it is alleged that failed custodians used customer funds in an attempt to generate more profit but instead resulted in custodians’ bankruptcies and also the loss of a significant amount of customer funds. Further, many customers of failing banks had their accounts frozen, and the inability to access these funds or positions has led to losses as well as extraordinary actions by hedge funds, such as establishing special liquidation vehicles for such assets.

### ***Importance of Market Judgment***

Although Argentem Creek will use quantitative valuation models in evaluating the economic components of certain prospective investments, Argentem Creek’s investment strategy is not predominantly systematic; the market judgment and discretion of Argentem Creek’s personnel are fundamental to the implementation of its strategy. The greater the importance of subjective factors, the more unpredictable a trading strategy becomes. Argentem Creek will not have the same access to market information as do certain of its competitors, and the market decisions made by Argentem Creek will, accordingly, often be based on less information and analysis than those available to competing investors.

### ***Holding Period of Investment Positions***

Argentem Creek may not know the maximum — or, often, even the expected (as opposed to optimal) — holding period of any particular investment at the time of initiation (except in the case of certain options or derivatives positions which have pre-established expiration dates). The length of time for which an investment is maintained varies significantly, based on Argentem Creek’s subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses.

A Private Fund may invest in a portfolio investment which unexpectedly cannot be realized in an orderly fashion until after the date on which such Private Fund is scheduled to terminate. Although it is the expectation of Argentem Creek that all investments by a Private Fund will be disposed of prior to the end of such Private Fund’s term, a Private Fund may have to sell or otherwise dispose of investments on disadvantageous terms as a result of the termination of a Private Fund, or distribute such investments (likely to be illiquid and unattainable) in kind.

### ***Model Risk***

The strategy employed by Argentem Creek is based on valuation models and financial projections, which Argentem Creek uses to evaluate investment opportunities for the Private Funds. These models generally seek to forecast future earnings generated, market share and price



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changes, among other things, based upon a limited number of assumed factors and inputs. Economic projections will have a significant input in the investment decisions made by Argentem Creek for the Private Funds. The modeling used in determining whether to enter into transactions inevitably involves certain assumptions any number of which may be materially wrong, causing the forecasts generated by these models to differ substantially from actual future price realizations and potentially resulting in major losses. There can be no assurance that the models used by Argentem Creek on behalf of the Private Funds will be effective or that they will be effectively utilized by Argentem Creek. Moreover, there can be no assurance that Argentem Creek will be able to continue to develop, maintain and update the models.

The models used by Argentem Creek may depend upon inputs from various sources, and in the event such inputs are not accurate, unexpected losses may be incurred.

Argentem Creek anticipates the continued modification, enhancement and development of models. Each new generation of models (including incremental improvements to current models) exposes the Private Funds to the possibility of unforeseen losses from a variety of factors, including conceptual failures and implementation failures.

It may be particularly difficult to apply models successfully in certain of the markets and geographies in which the Private Funds invest due to the level of economic, governmental, exchange rate and other uncertainties to which such sectors and regions are subject.

### ***Short Positions***

The Private Funds may take short positions in a wide range of assets. A short sale of an asset entails the theoretical risk of an unlimited increase in the market price of that asset, which can, in turn, result in significant losses to a Private Fund. Purchasing assets to close out a short position in such assets can itself cause the price of the asset to rise further, increasing losses. Furthermore, the Private Funds may prematurely be forced to close out a short position in a security if a lender of such security demands the return of the security sold short. In emerging markets, it is often either illegal or infeasible to engage in short selling.

### ***Hedging in General***

Many of the Private Funds' risks have no available hedges. Furthermore, in emerging markets there are often no available or adequate hedging instruments to be used. Hedging instruments, especially highly convertible and reasonably priced hedging instruments, are typically a feature of financial markets more developed than emerging markets in general. In addition, due to the issuer specific risks of distressed securities investing there is often no means of hedging such risks (especially in markets in which short-selling is either illegal or infeasible). Accordingly, Argentem Creek may attempt to use financial instruments originating outside of emerging market nations as well as instruments in a corresponding commodity asset class to express a relative value view or as a hedge against underlying positions or against the overall portfolio; however, any such "cross-market" hedges will be imperfect and may not be highly correlated to the positions Argentem Creek is attempting to hedge against.

Argentem Creek does not attempt to hedge all market or other risks inherent in the Private Funds' investments, and hedges certain risks only partially, if at all. Specifically, Argentem Creek may

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choose not to, or may determine that it is economically unattractive or appropriate or adequate financial instruments are available to, hedge certain risks — either in respect of particular positions or in respect of a Private Fund's overall portfolios. The Private Funds' portfolio compositions commonly results in various components of directional market risks remaining unhedged.

Even if Argentem Creek is successful in reducing or controlling certain risks through hedging, such hedging may reduce the Private Funds' returns. Furthermore, it is possible that Argentem Creek's hedging strategies will not be effective in controlling risk, due to unexpected changes in correlation between the hedging instrument and the position being hedged, increasing rather than reducing both risks and losses.

Hedging techniques may involve one or more of the following additional risks: possible lack of a secondary market for closing out a position in such instrument; losses resulting from interest rate, spread or other market movements not anticipated by Argentem Creek; the possible obligation to meet additional margin or other payment requirements, all of which could worsen a Private Fund's positions; and default or refusal to perform on the part of the counterparty.

To the extent that Argentem Creek hedges, its hedges may not be static but rather may need to be continually adjusted based on Argentem Creek's assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The success of Argentem Creek's hedging strategies depends on Argentem Creek's ability to implement a dynamic hedging approach efficiently and cost effectively, as well as on the accuracy of Argentem Creek's ongoing judgments concerning the hedging positions to be acquired by the Private Funds.

### ***Currency Exchange Risk and Currency Hedging***

Capital contributions to the Private Funds are payable in U.S. Dollars and the Private Funds' assets are valued in U.S. Dollars. However, the Private Funds may invest globally and a material portion of the Private Funds' investments may be denominated in currencies other than the U.S. Dollar, and hence the value of such investments will depend in part on the relative strength of the U.S. Dollar. The Private Funds may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between non-U.S. currencies and the U.S. Dollar, as well as the transaction costs associated with converting non-U.S. currencies into U.S. Dollars. Changes in non-U.S. currency exchange rates may also affect the value of dividends and interest earned, and the level of gains and losses realized on the sale of such investments. The rates of exchange between the U.S. Dollar and other currencies are affected by many factors, including forces of supply and demand in the currency markets. Exchange rates also are affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The exchange rates of many emerging market currencies are highly volatile.

Argentem Creek may seek to hedge these risks by investing directly in non-U.S. currencies and buying and selling options, futures or forward contracts thereon. Argentem Creek may not, however, attempt to hedge all, or even most, of the Private Funds' exchange-rate risk, and even if Argentem Creek does implement certain hedging strategies, there can be no assurance that any

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such strategies will be effective or will not result in substantial losses. The Private Funds may incur potentially significant transaction costs (as well as losses) resulting from any currency hedging transactions. The Private Funds may also from time to time invest and trade in currencies for speculative, and not just hedging, purposes. In a number of cases, otherwise highly successful investment funds have incurred significant, and in certain instances total, losses due to the decline in the value of the currencies in which their investments were denominated. Even if Argentem Creek otherwise elects to hedge a certain amount of the Private Funds' exchange-rate risk, it may not be economically feasible or possible to fully or effectively hedge exchange-rate risks.

As the Private Funds are denominated in U.S. Dollars, investors whose functional currency is not the U.S. Dollar will have material exchange-rate risk with respect to their investment in the Private Funds.

***Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act***

Government intervention, if it occurs, may also have effects on or influence prices, and such intervention from time to time has taken the form of outright default and/or expropriations, resulting in total losses for affected investors. Certain emerging market countries have recently emerged from state-run economies which may make them more prone to government intervention than markets that were not state-run. The risk of government intervention is particularly high in the emerging markets because of both the political climate in many of these countries and the less developed character of their markets and economies.

The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention in certain cases was implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments felt compelled to take action — these interventions typically were unclear in scope and application, resulting in confusion and uncertainty which in itself was materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

A Private Fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many securities become illiquid, making it difficult or impossible to close out positions in these securities, against which the markets are moving. The financing available to the Private Funds from their banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction in the availability of financing may force the Private Funds to sell assets in illiquid markets and at distressed prices, which may result in substantial losses to the Private Funds. In addition, market disruptions and other extraordinary events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

In response to the financial crises of 2008-2009, the Dodd Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") was enacted in July 2010. Dodd-Frank established a

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comprehensive framework for the regulation of markets, market participants and financial instruments that were previously unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Because many of the as-yet unimplemented provisions of Dodd-Frank require rulemaking by applicable regulators before becoming fully effective and Dodd-Frank mandates multiple agency reports and studies (which could result in additional legislative or regulatory action), it is difficult to predict the ultimate impact of Dodd-Frank on the Private Funds, Argentem Creek and the markets in which they trade and invest. This could result in certain investment strategies in which the Private Funds engage or may have otherwise engaged becoming non-viable or non-economic to implement. Dodd-Frank and regulations adopted pursuant to Dodd-Frank could have a material adverse impact on the profit potential of the Private Funds.

The “Volcker Rule” component of Dodd-Frank materially restricts proprietary speculative trading by banks, “bank holding companies” and other regulated entities. As a result, there has been a significant influx of new portfolio managers into private investment funds who had previously traded institutional proprietary accounts. Such influx can only increase the competition for the Private Funds from other talented portfolio managers trading in the Private Funds’ investment sectors. Importantly, the loss of liquidity in many markets due to the material reduction in the ability of banks to trade and hold securities for their own accounts also could have a significant impact on the Private Funds. In disrupted markets, liquidity could worsen and price volatility could materially increase as banks cannot function as “buyers of last resort” as they have in past crises.

Basel III regulations have also impacted available balance sheet at banks. Greatly increased capital requirements for the banks and dealers could result in reduced availability of financing, which could adversely impact the Private Funds. The Private Funds may incur major losses in the event increased regulation leads to disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

It is impossible to predict what, if any, changes in regulation applicable to the Private Funds and the markets in which it invests or the counterparties with which it does business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of the Private Funds, as well as require increased transparency to government authorities as to the identity of the Investors.

### ***Trade Execution Risk***

Although Argentem Creek’s core investments are expected to be acquired on a “buy and hold” or long-term basis, certain of the investment techniques used by a Private Fund to hedge various market exposures require the rapid and efficient execution of transactions. Inefficient executions can eliminate the potential benefits of such hedging. Additionally, in certain markets (and especially in emerging markets), the difficulty of executing trades efficiently and at or about the price indicated when the trade was entered can be a material factor in the overall success of a strategy, and the slippage that can occur in emerging markets trading is materially greater than in developed market trading.

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### ***Advisory Affiliates***

Any Argentem Creek advisory affiliate may, and currently Argentem Creek Partners (UK) Limited (“Argentem Creek UK”) does, advise on certain investment activities on behalf of the Private Funds and, as a result, may be subject to regulation, immigration requirements, taxation and other obligations and restrictions as a result of operating in a non-U.S. jurisdiction, which could adversely affect the Private Funds. Argentem Creek’s use of contractors in non-U.S. jurisdictions could similarly impact the Private Funds.

### ***Cybersecurity Risk***

As the use of technology and the Internet has become more prevalent in the course of business, Argentem Creek is susceptible to operational, financial and information security risks resulting from cyber security breaches or other cyber-attacks. Cyber incidents can result from deliberate attacks or unintentional events and include, but are not limited to, gaining unauthorized access to electronic systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets, sensitive information (e.g., an investor’s personally identifiable information (“PII”) or Private Fund trading information), corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Cyber incidents affecting Argentem Creek or any its service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to calculate account values, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. Similar adverse consequences could result from cyber incidents involving counterparties with which Argentem Creek engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including service providers for the Private Funds) and other parties.

Although Argentem Creek has established internal risk management security protocols reasonably designed to prevent or detect, identify and respond to and recover from cybersecurity incidents, there are inherent limitations in such protocols including the possibility that certain threats and vulnerabilities have not been identified or made public due to the evolving nature of cybersecurity threats. As such, there is a possibility that Argentem Creek has not adequately prepared for or identified certain risks. Furthermore, although Argentem Creek cannot directly control any cyber security plans and systems put in place by its or the Private Funds’ service providers.

Cyber security risks are also present for issuers of securities in which a Private Fund invests, which could result in material adverse consequences for such issuers, and may cause a Private Fund’s investment in such securities to lose value.

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## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of Argentem Creek or the integrity of Argentem Creek's management. Argentem Creek has no such legal or disciplinary events to disclose.

## **Item 10: Other Financial Industry Activities and Affiliations**

Argentem Creek serves as the investment adviser to the following Private Funds:

- Argentem Creek Latin American Special Situation Opportunity Fund LP;
- Black River LASSO Ireland II Limited; and
- Pathfinder Strategic Credit LP.

Argentem Creek's various affiliates serve as General Partner of the Private Funds and receive any related incentive compensation or income from the Private Funds. Certain conflicts relating to the Private Funds and Argentem Creek are set forth below.

Argentem Creek wholly owns an affiliated investment adviser, Argentem Creek Partners (UK) Limited, a United Kingdom private limited company. Argentem Creek UK consults with Argentem Creek on investment matters from its offices in London, England.

### **Conflicts of Interest**

Argentem Creek may have financial incentives to favor one Private Fund over the other. Even if Argentem Creek does not have such incentives, Argentem Creek will be required to allocate its limited resources among the Private Funds.

Argentem Creek has material conflicts of interest between allocating investment opportunities in a manner that treats all Private Funds fairly and equitably over time and allocating investment opportunities in a manner that maximizes Argentem Creek's compensation and in accommodating varying withdrawal or other business terms. Although Argentem Creek has an investment allocation policy designed to treat all Private Funds fairly and equitably over time, the performance of the Private Funds and may differ substantially for a variety of reasons (including, but not limited to, differing investment restrictions) even though their investment objectives may be substantially the same or similar.

Argentem Creek currently advises multiple Private Funds which implement similar investment strategies. The investment period and portfolio of any Private Fund may overlap (perhaps significantly) with another Private Fund. In addition, some Private Funds may be subject to certain investment restrictions, operational controls and fee refund terms that are not applicable to another Private Fund, and other differences (such as disparities in the amount of unfunded capital commitments and Argentem Creek's overall relationship with the investor) could from time to time raise conflicts of interests for Argentem Creek. Additionally, a Private Fund may be subject to the fiduciary duty provisions of ERISA because the underlying assets of the Private Fund are plan assets under ERISA. Irrespective of any conflicts of interest, the management decisions made for a Private Fund (based on individual circumstances) could under certain circumstances

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adversely affect another Private Fund. Argentem Creek may also manage other Private Funds with investment objectives and portfolios that are substantially similar to, or significantly overlap with, that of another Private Fund. To the extent of any such overlap, the management decisions made for one Private Fund (for example, due to different investment periods, different amounts of available unfunded commitments or compliance with investment restrictions applicable to a particular Private Fund) could have a material adverse effect on another Private Fund.

One or a subset of Private Funds may invest in assets that are eligible for purchase by the other Private Funds, which raises potential conflicts. Conflicts may also arise if a Private Fund makes an investment in which another Private Fund has already invested, including conflicts related to investing in different or overlapping levels of an entity's capital structure. For example, if a Private Fund is investing in debt securities, it may have an interest in restructuring these securities in a manner that another Private Fund, as an existing equity owner, may not find desirable. In addition, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what actions should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring raise conflicts of interest. A Private Fund may also participate in restructuring or recapitalization transactions (including those requiring additional investments of capital) involving companies in which other Private Funds have invested or may invest. These transactions may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or low a price for the company or purchasing investments with terms that are more or less favorable than prevailing market terms. There can be no assurance that the return on one Private Fund's investments will not be less than the returns obtained by other Private Funds participating in the same overall capital structure.

Specifically, investors should be aware of the inherent conflicts of interest that arise if a Private Fund is required or desires to liquidate an investment that is also held by one or more other Private Funds. Especially with regard to illiquid investments, the Private Fund might not be able to liquidate such investment at the time it is required or would like to do so. Alternatively, if the Private Fund is able to sell its portion of the illiquid investment, such sale might impact the value of the investment held by the other Private Funds and may be at a price and/or on other terms that are more or less favorable than the price and/or other terms received by such other Private Funds when liquidating such investments.

Certain of the Private Funds may also make investments in entities or assets in which they have already invested (e.g., an additional investment) or that are held by other Private Funds. The purchase, holding or sale of these investments may enhance profitability of such investments to the related Private Funds and therefore present conflicts of interests with respect to the investing Private Fund.

Argentem Creek does not generally make investments alongside the Private Funds. As noted above, however, Argentem Creek's affiliates (in their capacity as general partner) may invest in Private Funds from time to time and qualified employees of Argentem Creek are also permitted to invest in certain of the Private Funds. Additional conflicting interests can arise in connection with these investments.

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Conflicts of interest may arise because Argentem Creek personnel may serve as directors of certain companies or other legal entities in which the Private Funds have invested. In those instances, where the Private Funds are not the sole owners of the applicable company or other legal entity, in addition to any fiduciary duties the Argentem Creek personnel owe to the Private Funds, as directors of companies or other legal entities, such personnel may owe certain duties to the owners of the companies or other legal entities and to persons other than the Private Funds. In general, such director positions are often important to the Private Funds' investment strategy and may have the effect of enhancing the ability of Argentem Creek personnel to manage investments. However, such positions may place Argentem Creek personnel in a position where a decision must be made that is either not in the best interests of the Private Funds or not in the best interests of the owners of the company or other legal entity. Should such Argentem Creek personnel make a decision that is not in the best interest of the owners of a company, such decision may subject Argentem Creek and the Private Funds to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In addition, because of the potential conflicting duties, Argentem Creek may be restricted in choosing investments for the Private Funds, which could negatively impact returns achieved by the Private Funds.

Argentem Creek, in connection with investments by the Private Funds, may represent creditors or debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code (or similar provisions in applicable emerging market jurisdictions) or prior to such filings. From time-to-time, Argentem Creek may serve as advisor to, or a member of, creditor or equity committees. This involvement may limit or preclude the flexibility that the Private Funds may otherwise have to participate in restructurings or the Private Funds may be required to liquidate or refrain from selling any existing positions of the applicable issuer. In similarity to the potential conflicts that can arise from serving on the board of directors of a company, Argentem Creek personnel that serve as members of a bankruptcy committee may owe fiduciary or other legal duties to other stakeholders in the bankruptcy.

While Argentem Creek endeavors at all times to act in the best interests of the Private Funds, investors should be aware that the types of transactions described above create potential conflicts of interest with respect to Argentem Creek and the Private Funds. Argentem Creek will seek to resolve the conflicts of interest discussed above using its best judgment and in a manner that it believes to be fair and reasonable to the Private Funds in accordance with its duties as an investment adviser.

### ***General Partners***

The General Partner of each Private Fund is under common control with Argentem Creek and was formed for the specific purpose of serving as general partner. Consequently, although each General Partner is subject to the duties and responsibilities set forth in the relevant Fund Documents and under applicable law, the General Partners cannot realistically be expected to provide completely objective or independent oversight over Argentem Creek's management of the Private Funds.



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### ***Operational and Trading Errors***

Trading errors are an intrinsic factor in any complex investment process, and can be expected to occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. Argentem Creek treats any trading errors that do occur will be for the account of the Fund, unless they are the result of conduct inconsistent with the standard of care set forth in the Fund Documents including, if applicable, ERISA. Efficient execution of trades in emerging markets can at times be particularly difficult.

### ***Allocation of Fund Expenses***

Investors typically bear expenses borne by the Private Funds (directly or indirectly) that are trade related or operations related. Expenses applicable to more than one Private Fund are allocated in a fair and equitable manner. Such expenses are described in the Fund Documents and may include:

- Brokerage commission and other transactional costs;
- Custody costs and expenses;
- Clearing costs and expenses;
- Third party legal, audit and tax preparation expenses; and
- All expenses incurred in connection with threatened, pending or anticipated litigation.

Argentem Creek has implemented procedures reasonably designed to ensure that the Private Funds' fees and expenses are calculated, allocated and debited correctly. Such procedures include multiple levels of review, including the approval of any new expenses, methodologies or allocations.

### ***Administrative Charges***

Each Private Fund receives certain administrative services from its respective administrator (with respect to each Private Fund, the "Administrator"). The Administrator provides fund administration, back-office, middle-office and related services to the Private Funds pursuant to certain administrative services agreements.

The Administrator provides extensive services to Argentem Creek. Argentem Creek believes that the fees paid to the Administrator are reasonable given the breadth of the services provided. The fees paid to the Administrator are described in certain administrative services agreements and disclosed annually in the audited financial statements of the Private Funds, both of which are available upon request.

### ***Valuations***

The Private Funds' investments will be valued as described in its valuation policies (the "Valuation Policies"). Such valuations directly affect the Management Fees received by Argentem Creek. The Private Funds' asset values generally will be determined pursuant to third party or market values in accordance with the Valuation Policies. Certain investments made by a Private Fund may be difficult to value and subject to varying interpretations of value. Reliable

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independent and objective pricing information may not at times be available or may be difficult to obtain with respect to certain securities and other investments, particularly in the comparatively less efficient and developing character of the emerging markets in which the Private Funds will invest and in light of the illiquidity of the Private Funds' investments.

The Valuation Policies seek to establish values based on quotes obtained from third-party dealers, actual markets and third party valuation providers. Although Argentem Creek will seek to value all investments fairly as provided in the Valuation Policies, certain investments may be difficult to value and subject to varying interpretations of value. In addition, the market valuations provided by dealers in certain markets in which the Private Funds may trade may not correspond to the price at which such dealers would be willing actually to execute transactions. In certain cases, where the Private Funds do not constitute Plan Assets, as defined below, for purposes of ERISA, and when a particular investment held by a Private Fund has received materially different valuations from independent pricing services, Argentem Creek may determine the value of such asset by, among other things, using internal valuation models (with which other traders may reasonably disagree) or, if necessary, through relative value pricing or the subjective determination of Argentem Creek personnel most familiar with the position in question. In certain cases, where the Private Funds do not constitute Plan Assets, as defined below, for purposes of ERISA, Argentem Creek may also determine to value a material portion of the Private Fund's portfolio based on "manager marks," "fair value adjustments," models or theoretical values rather than available market prices if Argentem Creek believes doing so better reflects fair value.

Notwithstanding anything contained herein to the contrary, during any period in which the underlying assets of the Funds are considered for purposes of Title I of ERISA or Section 4975 of the Code to be assets of employee benefit plans or other plans ("Plan Assets"), neither Argentem Creek nor the General Partner will use its discretion to value assets of the Private Funds.

A number of the Private Funds' investments could, from time to time, be difficult to value. The uncertain and fluctuating nature of the valuations of such investments means that certain valuations may, from time to time, materially misstate actual and/or realizable value. The comparatively inefficient and developing character of the emerging markets in which the Private Funds will invest materially increases the uncertainty of valuations. The risk that the Private Funds' valuations may be less certain and may lead to economic dilution may be higher for the Private Funds, given its investments in emerging markets, than for other private investment funds that invest exclusively in comparatively more developed markets. In such event, Investors would, among other things, pay management fees, receive distribution proceeds and be admitted to the Private Fund on the basis of portfolio values which differ from true value, which could result in inflated advisory fees paid to Argentem Creek which could reduce proceeds paid out to Investors, and economic dilution to both new and existing investors.

Argentem Creek may retain third-party verification agents regarding the valuation of some or all of a Private Fund's portfolio. The risks discussed above are increased with respect to a Private Fund's trading due to its investments in emerging markets. Notwithstanding anything contained herein to the contrary, during any time that the underlying assets of a Private Fund are considered for purposes of Title I of ERISA or Section 4975 of the Code to be assets of employee benefit plans or other plans, Argentem Creek will not use its discretion to value assets of such Private Fund.

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## ***Information Sharing***

All Argentem Creek portfolio managers, regardless of the Private Fund advised by them, are deemed to have any material nonpublic information that any other portfolio manager may have. As a result, from time to time, a Private Fund may lose an investment opportunity because material nonpublic information of one of Argentem Creek's portfolio managers may cause the Private Fund to be restricted due to confidentiality obligations or regulatory restrictions. Such circumstances may also result in a Private Fund being prevented from liquidating investments in the manner that Argentem Creek would otherwise consider to be in such Private Fund's best interest. Argentem Creek believes that such discussions are generally beneficial to the Private Funds and that the portfolio managers (who may have no direct business relationship with the other funds or portfolio managers with whom they engage in discussions) will not have a conflict of interest in doing so.

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

Argentem Creek has adopted, maintains and enforces a Code of Ethics (the "Code of Ethics"), which is intended to satisfy the requirements of Rule 204A-1 under the Advisers Act.

The Code of Ethics sets forth the standards of conduct expected of all personnel and requires compliance with the federal securities laws and Argentem Creek's fiduciary duties, including the duties to put client interests first at all times and to maintain the confidentiality of client information.

The Code of Ethics addresses the personal securities trading activities of all personnel in an effort to detect and prevent illegal or improper personal securities transactions. The Code of Ethics generally prohibits personal securities transactions in any issuer held by or under active consideration for the Private Funds. Argentem Creek personnel must also obtain prior approval from the Chief Compliance Officer, or his delegate, before participating in any initial public offering or limited offering (*i.e.* private placement). Employees are also required to provide quarterly reports regarding transactions and holdings in Reportable Securities and newly opened Personal Accounts. Employees must disclose all Personal Accounts initially upon commencement of employment, and annually thereafter. Argentem Creek endeavors to maintain current and accurate records of all Personal Accounts of its Employees in an effort to monitor all such activity.

To further mitigate the potential for conflicts of interest, the Code of Ethics contains a number of restrictions related to the activities of personnel regarding the provision and receipt of gifts, political contributions and outside employment. The Code of Ethics also requires personnel to report violations of law, rules or the Code of Ethics to the Chief Compliance Officer or his delegate. All personnel must certify their compliance on an ongoing basis. The Chief Compliance Officer is responsible for administering and enforcing the Code of Ethics and maintaining all records required by the Code of Ethics.

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A copy of the Code of Ethics is available to advisory clients and prospective advisory clients upon request. A copy of the Code of Ethics is also available to Private Fund investors and prospects upon request.

## **Item 12: Brokerage Practices**

Argentem Creek is authorized to designate the banks, custodians, brokers, dealers and other counterparties (collectively, “brokers”), to be used for all transaction types by clients.

The primary selection criterion employed by Argentem Creek in connection with selecting brokers is the brokers’ ability to provide best execution. In assessing best execution, and its overall broker relationships, Argentem Creek considers a variety of factors including trading cost, performance, trade settlement efficiency, availability of product and electronic communication proficiency. Argentem Creek generally gives primary consideration to obtaining the most favorable price and efficient execution. Argentem Creek may, however, pay a higher commission than would otherwise be necessary for a particular transaction when, in Argentem Creek’s opinion, to do so would further the goal of obtaining the best available execution on an aggregate basis for the related investment.

Commissions are negotiated with the broker on the basis of the quality and quantity of execution services that the broker provides, in light of generally prevailing commission rates with respect to any securities transactions involving a commission payment. In negotiating commission rates on behalf of the Private Funds, Argentem Creek may take into account the financial stability and reputation of the broker and the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by such broker, even though the Private Fund may or may not in any particular instance be the direct or indirect beneficiary of the products or services provided.

Often times, more than one broker-dealer may be capable of providing the best qualitative execution with respect to a particular order. In such circumstances, a trader may consider research or brokerage services provided by the broker-dealer, consistent with the safe harbor provisions of Section 28(e) of the Exchange Act and related interpretative guidance. Currently, Argentem Creek uses client commissions to obtain written research prepared by broker-dealers who execute client transactions (“proprietary research”), and other research such as access to research conferences and meetings with company management. Argentem Creek requires that such use be consistent with the safe harbor provisions of Section 28(e), provide lawful and appropriate assistance to Argentem Creek in the investment decision-making process, and that it determine that the value of the research or brokerage service obtained be reasonable in relation to the commissions paid. The Compliance Committee oversees the use of soft dollars.

Argentem Creek may or may not solicit competitive bids from brokers and has no obligation to seek the lowest available commission cost. In certain emerging markets, there may be only a very limited number of available brokers or dealers to choose from, and their pricing structures may be materially different, making it difficult to negotiate a competitive price for certain Private Fund transactions. In addition, the nature of the comparatively lesser developed emerging markets in

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which the Private Funds invest may result in such Private Fund paying substantially more in commissions than the actual costs of execution.

While some Private Fund assets held by brokers may be segregated from the broker's own property, most other Private Fund assets held as collateral or margin are not, and, accordingly, may not be recoverable in the event of a broker's insolvency.

### **Item 13: Review of Accounts**

Argentem Creek's investment and business professionals are responsible for ongoing diligence and reviews of the investments entered into on behalf of the Private Funds. These professionals review investments on a periodic basis, and in some cases as frequently as daily. Key items reviewed include investment positions and account and cash activity.

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

Argentem Creek currently has no arrangements regarding client referrals. Argentem Creek receives certain soft dollar benefits in connection with clients' payments of brokerage commissions. Please refer to Item 12 above.

### **Item 15: Custody**

Argentem Creek is deemed by applicable regulatory rules to have constructive custody of the assets of the Private Funds and complies with the applicable requirements. All Private Funds seek to utilize independent, third party qualified custodians and seek to provide an annual audit prepared in accordance with U.S. generally accepted accounting principles by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Private Fund investors receive audited financial statements on an annual basis.

### **Item 16: Investment Discretion**

Argentem Creek exercises investment discretion over all of the Private Funds' accounts as set forth in the respective Fund Documents.

### **Item 17: Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Argentem Creek has adopted and implemented written policies and procedures governing the voting of client securities.

Argentem Creek does not typically invest in a meaningful fashion in equity securities that solicit proxy votes. It does, however, invest in securities and other instruments involved in various debt restructuring and insolvency proceedings in jurisdictions around the world pursuant to which bond

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trustees and liquidators do seek proxies instructing them on how to vote on a given proposal. The following policies and procedures apply in either case. Argentem Creek will generally seek to vote proxies in a way that maximizes its Private Funds' value.

Unless otherwise specified in a written agreement between Argentem Creek and a Private Fund, or otherwise set out in an official offering document pertaining to a Private Fund, the primary factors to be considered in voting proxies are those that would affect the value of the Private Fund's assets.

Argentem Creek will vote proxies on a case-by-case basis when it believes the outcome of the vote may have a material impact on the value of the Private Fund's position.

Argentem Creek may abstain from voting if (i) it deems that abstaining will not have a material adverse impact on the Private Fund, (ii) it is not materially beneficial to the Private Fund or (iii) the potential benefit of voting is outweighed by the cost to the Private Fund. For example, Argentem Creek may be unable to vote securities that have been lent by the custodian or subject to repurchase or reverse repurchase agreements.

Proposals which are controversial or non-routine in nature will be reviewed on a case-by-case basis by Argentem Creek.

Argentem Creek may be exposed to potential material conflicts of interest in voting proxies and will monitor the potential for such conflicts. As noted previously, Argentem Creek will vote its Private Funds' proxies in the best interests of Private Funds and not subordinate the Private Funds' interests to its own. In voting such proxies, Argentem Creek shall endeavor to avoid material conflicts of interest between the interests of Argentem Creek, on the one hand, and the interests of Private Funds, on the other.

If a material conflict of interest is identified regarding U.S listed equity security proxy voting, it will generally be addressed by the Investment Committee by adhering to the public recommendation of a third party proxy voting advisory service.

A copy of Argentem Creek's written proxy voting policies and procedures, as well as a record of how Argentem Creek has voted in the past, will be maintained and available for review upon written request. Clients may contact Argentem Creek's Chief Compliance Officer at the number provided at the beginning of this Brochure for this information.

## **Item 18: Financial Information**

Each registered investment adviser is required to disclose whether it has any financial condition that could impair its ability to meet its contractual commitments to its clients, and whether it has been the subject of a bankruptcy proceeding. Argentem Creek does not have any adverse financial conditions to disclose and has never been the subject of a bankruptcy proceeding.