

ITEM 1 COVER PAGE

SILVER CREEK CAPITAL MANAGEMENT LLC

1301 Fifth Avenue, 40th Floor
Seattle, Washington 98101
Telephone: (206) 774-6000
Fax: (206) 774-6010
www.silvercreekcapital.com

Form ADV Part 2A
Firm Brochure
March 30, 2020

This brochure provides information about the qualifications and business practices of Silver Creek Capital Management LLC (“Silver Creek”). If you have any questions about the contents of this brochure, please contact us at (206) 774-6000 or at investorreporting@silvercreekcapital.com. 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 Silver Creek is also available on the SEC’s website at www.adviserinfo.sec.gov

Any reference to Silver Creek as a “registered investment adviser” does not imply any particular level of skill or training.

ITEM 2 MATERIAL CHANGES

In addition to a number of clarifying changes, the following updates have been to this Form ADV Part 2A:

1. Item 4.B: The list of Funds (as defined below) has been updated.
2. Item 4.E: The amount of assets managed by Silver Creek and its affiliated investment adviser, Silver Creek Capital Management LLC, has been updated.
3. Item 5: The description of Silver Creek's fees and compensation has been updated to just reflect the Funds in Harvest (as defined below).
4. Item 7: The disclosure has been updated to just reflect the Funds in Harvest (as defined below).
5. Item 8.B: The list of Investment Strategies has been updated to just reflect current investment strategies.
6. Items 10 and 11: The disclosures have been updated to just reflect Silver Creek's other financial industry activities and affiliations and Silver Creek's code of ethics, participation or interest in client transactions and personal trading.
7. Item 14.B: The disclosure has been deleted because it is no longer applicable for the remaining Funds in Harvest.

ITEM 3 TABLE OF CONTENTS

ITEM 1 COVER PAGE.....	1
ITEM 2 MATERIAL CHANGES	2
ITEM 3 TABLE OF CONTENTS.....	3
ITEM 4 ADVISORY BUSINESS	4
ITEM 5 FEES AND COMPENSATION	67
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	89
ITEM 7 TYPES OF CLIENTS.....	89
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	940
A. Methods of Analysis	940
B. Investment Strategies and Risks of Loss.....	1041
ITEM 9 DISCIPLINARY INFORMATION.....	2325
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	2325
ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	2526
ITEM 12 BROKERAGE PRACTICES.....	2829
A. Brokerage Practices - General.....	2829
ITEM 13 REVIEW OF ACCOUNTS.....	2930
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION	3034
ITEM 15 CUSTODY	3032
ITEM 16 INVESTMENT DISCRETION	3032
ITEM 17 VOTING CLIENT SECURITIES.....	3032
ITEM 18 FINANCIAL INFORMATION	3132
ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS.....	3133

ITEM 4 ADVISORY BUSINESS

A. Silver Creek Capital Management LLC (previously defined as “Silver Creek”) was formed on July 27, 1999 as a Washington limited liability company and has been registered as an investment adviser with the SEC since October 13, 2004. Silver Creek’s founders have a history of managing private investment funds since 1994. In 1999 Silver Creek was organized as a successor entity to manage other private investment funds in addition to the original fund established by Silver Creek founders in 1994. In 2010 Silver Creek Advisory Partners LLC (“SCAP”) was created to manage private investment funds launched thereafter as well as one private investment fund that was managed by Silver Creek prior to January 1, 2014 (as further described below).

Silver Creek provides investment supervisory services to private investment funds (the “Funds”; *see also* further definition below) that invest in other affiliated or unaffiliated private investment funds, accounts and/or securities (the Funds are commonly known as “funds of funds”). Subject to any applicable investment restrictions specific to a Fund, Silver Creek may pursue a Fund’s investment objectives by (a) investing assets of the Fund in pooled vehicles (“Pooled Vehicles”) managed by third-party managers (“Advisors”), (b) engaging Advisors to manage separately managed accounts on behalf of the Fund or affiliated holding companies (“Managed Accounts” and, together with Pooled Vehicles, “Sub-Funds”) and (c) taking direct securities positions for hedging purposes and for investment purposes.

None of the Funds are currently open for investment because such Funds are closed end investment structures that have completed their investment period and are in the process of liquidating portfolio assets and returning proceeds to underlying investors (“Funds in Harvest”). For a full description of SCAP’s investment advisory services with regards to the private investment funds it manages, please refer to SCAP’s Form ADV.

This brochure provides clients with information about the qualifications and business practices of Silver Creek and its advisory services. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Any representation to the contrary is illegal. Additional information about Silver Creek is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Silver Creek is 122966. Clients should be aware that the term “Registered Investment Adviser” does not imply any particular level of skill or training.

The direct principal owners of Silver Creek are Eric E. Dillon, Timothy P. Flaherty and Mr. Dillon’s estate planning entity.

B. Silver Creek provides investment supervisory services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Silver Creek provides these services to investment limited partnerships (“LPs”) of which Silver Creek is a general partner, limited liability companies (“LLCs”) of which Silver Creek is the managing member, and Cayman Islands exempted companies or Cayman Islands exempted limited partnerships (“CEICs”) of which Silver Creek is the investment manager. (Herein, these LPs and CEICs managed by Silver Creek are defined as the “Funds.”) The Funds are not required to register as investment companies under the Investment Company Act of 1940, as amended (the “Investment Company Act”) in reliance upon an exemption available to funds whose securities are not publicly offered. Silver Creek manages the Funds on a discretionary basis in accordance with the investment objectives, terms and conditions of each Fund’s offering and organizational documents. Silver Creek employs investment strategies through the Funds that are suitable for sophisticated investors with substantial net worth and who are able to bear the risks of the strategies employed. Investors

should be aware of the substantial risks associated with investing in the Funds, many of which are described in the offering documents of the respective Funds. **Investors should refer to each Fund's confidential offering memorandum for eligibility requirements, risks, redemption terms, fees, other terms and conditions, conflicts of interest and other important information.**

Silver Creek has created a number of holding LLCs (the "Master Funds") that invest in Sub-Funds not under common control with Silver Creek, as well as taking trading positions directly from time to time at the discretion of Silver Creek. The members of the Master Funds are the Funds (the "Feeder Funds") or, in certain cases, other Master Funds. The Master Funds serve to invest the Funds' asset on a pooled basis, thus benefiting the investors in the Funds through economies of scale and trading efficiencies as well as greater diversification. Each Feeder Fund will typically invest in one or more of the Master Funds, although each has the ability to invest directly in other hedge funds and/or individual securities. Where Silver Creek receives management fees, performance allocations or other compensation from a Master Fund, such Master Fund's corresponding Feeder Fund is not responsible for the same charges. The Funds and the Master Funds utilize the services of an administrator, the Funds bear their respective pro-rata share of the administrator's fees, subject to a minimum amount as determined to be equitable by Silver Creek in its discretion.

The Funds are also authorized to implement their investment strategies by causing each such Fund's assets to be invested in one or more investment vehicles (each, an "Investment Vehicle") that are organized by Silver Creek as wholly-owned subsidiaries of Silver Creek to address tax, administrative or other issues. Each Investment Vehicle utilizes the services of Silver Creek or an affiliate thereof to invest and reinvest assets of such Fund or Master Fund. Silver Creek does not receive any fees or other compensation from such entities.

Funds in Harvest – Feeder Funds

Primary Investors

- | | |
|--|-----------------------------------|
| 1. Silver Creek Special Opportunities Fund I, L.P. | U.S. taxable investors |
| 2. Silver Creek Special Opportunities Fund II, L.P. | U.S. taxable investors |
| 3. Silver Creek Special Opportunities Fund Cayman II, L.P. | Non-U.S. and tax exempt investors |
| 4. Silver Creek Special Opportunities Fund III, L.P. | U.S. taxable investors |
| 5. Silver Creek Special Opportunities Fund Cayman III, L.P. | Non-U.S. and tax exempt investors |

Funds in Harvest - Master Funds

1. Silver Creek Special Opportunities Holdings I, L.L.C.
2. Silver Creek Special Opportunities Cayman II Master Fund, L.P.
3. Silver Creek Special Opportunities Cayman III Master Fund, L.P.

Funds in Harvest - Investment Vehicles

1. Silver Creek SOC2 Sub-Fund Holdings, L.L.C.
2. Silver Creek SOC3 Sub-Fund Holdings, L.L.C.
3. Silver Creek SOC3 Sub-Fund, Ltd.
4. Silver Creek SOC3 Sub-Fund, Inc.

Other Entities

Silver Creek Special Opportunities GP LLC ("SOGP"), a Delaware limited liability company, is the general partner of Silver Creek Special Opportunities Fund I, L.P. SOGP is also the managing member of Silver

Creek Special Opportunities Holdings I, L.L.C. Silver Creek Special Opportunities II GP LLC ("SO2GP"), a Delaware limited liability company, is the general partner of Silver Creek Special Opportunities Fund II, L.P. Silver Creek Special Opportunities GP II, Ltd. ("SOC2GP"), a Cayman Islands exempted company, is the general partner of Silver Creek Special Opportunities Fund Cayman II, L.P. and Silver Creek Special Opportunities Cayman II Master Fund, L.P. Silver Creek Special Opportunities III GP LLC ("SO3GP"), a Delaware limited liability company, is the general partner of Silver Creek Special Opportunities Fund III, L.P. Silver Creek Special Opportunities GP III, Ltd. ("SOC3GP"), a Cayman Islands exempted company, is the general partner of Silver Creek Special Opportunities Fund Cayman III, L.P. and Silver Creek Special Opportunities Cayman III Master Fund, L.P. SOGP, SO2GP, SOC2GP, SO3GP, and SOC3GP are all wholly owned subsidiaries of Silver Creek.

Silver Creek is also under common ownership and control with Dillon/Flaherty Investments, Inc. ("DFI"), which is directly owned by Eric E. Dillon and Timothy P. Flaherty.

Silver Creek is affiliated with Silver Creek Advisory Partners LLC (previously defined as "SCAP"), a Delaware limited liability company that is also registered as an investment adviser with the SEC. The CRD number for SCAP is 156667. Certain of Silver Creek's control persons are also control persons of SCAP. Silver Creek has engaged SCAP to provide investment research, advice and due diligence, administrative and operational support, and infrastructure to Silver Creek to enable it to perform its duties to the private investment funds it manages. Silver Creek also provides investment research, advice and due diligence to SCAP.

C. Silver Creek provides advisory services to the Funds according to the specific investment objectives, terms and conditions contained in the relevant Fund's offering documents and organizational documents. Please refer to Item 16 of this brochure entitled "Investment Discretion" for further information.

D. Not applicable.

E. As of January 31, 2020, Silver Creek manages approximately \$452,059,154 on a discretionary basis, and together with the client assets of SCAP, Silver Creek and SCAP manage client assets of \$4,740,610,304. As of the same date, Silver Creek does not manage any client assets on a non-discretionary basis. However, SCAP manages approximately \$30,542,775 on a non-discretionary basis. The foregoing data is calculated on a different basis than the regulatory assets under management reported in Silver Creek's Form ADV Part 1 and is presented on the following basis: 1) net of investments made in certain Funds by other affiliated Funds; and 2) net of fees (both Management Fees and Performance Allocations as defined below) and expenses. For information on Silver Creek's regulatory assets under management as well as the gross asset value of each Fund, please refer to Silver Creek's Form ADV Part 1A.

ITEM 5 FEES AND COMPENSATION

A. Silver Creek is paid fees for the portfolio management of the Funds (the "Management Fees"), which are calculated and paid as a percentage of the net asset value of the investors' interest in the Funds. The Management Fees range from 0% to 1.00% and vary by Fund and by class of interest within each Fund. Management Fees are subject to waiver, refund and/or modification by separate agreement with Silver Creek. Management Fees are typically charged annually in arrears.

In addition, the Funds may pay Silver Creek performance-based compensation ("Performance Allocations") in the form of carried interest. The Performance Allocations range from 0% to 30% and vary by Fund and by class of interest within each Fund. Performance Allocations are subject to waiver, refund and/or modification by separate agreement with Silver Creek. For certain Funds and classes of interests, the

Performance Allocations are calculated based on a percentage of amounts distributed in excess of a hurdle. The calculation and payment of the Performance Allocations applicable to a particular interest in a Fund is described in detail in the relevant offering documents for such interest.

The majority of the Funds have entered into arrangements with certain of their investors, including Silver Creek affiliates, to waive, refund and/or modify the Management Fee and/or Performance Allocation otherwise due with respect to investment in such Fund.

The Advisers Act and certain state laws restrict the payment of performance-based fees, such as the Performance Allocations, to investment advisers registered under such act. However, SEC Rule 205-3 permits the payment of performance-based compensation to registered investment advisers provided that the clients (including investors in investment vehicles such as the Funds) meet certain financial qualifications. The offerings of interests in the Funds are structured to comply with this rule and accordingly the Funds will only accept subscriptions from investors who meet the qualifications set forth in Rule 205-3.

Since the Funds and Master Funds typically invest in other, unaffiliated, pooled investment vehicles or managed accounts that themselves pay advisory fees to their respective advisors (including, without limitation, fees based on a percentage of assets under management and performance-based compensation), investors in the Funds will bear a proportionate share of these fees in addition to those paid to Silver Creek by the Funds.

B. For certain Funds, Silver Creek is authorized to deduct fees from the Fund's assets and certain of the Funds authorize Silver Creek to bill Fund investors for Management Fees incurred. Where applicable, Management Fees are either billed or deducted quarterly in advance or annually in arrears. Performance Allocations are allocated in accordance with the terms of each respective Fund.

C. Each Silver Creek Fund generally pays for its organizational expenses and the expenses of the initial offering of interests, including, without limitation, legal, accounting and compliance consulting fees and expenses. In addition, each Silver Creek Fund generally pays for all other ordinary and extraordinary expenses incurred on the Fund's behalf including, without limitation, all legal, audit, and accounting and reporting expenses; Management Fees and Performance Allocations payable to Silver Creek; management fees, performance fees and performance allocations payable to third-party investment managers ("Advisors") and other investment expenses; fees, costs and indemnification of any administrator, valuation agent, consultant or other service provider appointed by the Fund; expenses related to the acquisition, holding and disposition of investments including, without limitation, fees of custodians; research expenses; trading fees and commissions; liability insurance costs; costs of indemnifying the Fund's control persons such as board members and Silver Creek (including, without limitation, litigation costs and expenses and the costs and expenses associated with responding to regulatory exams related to the Fund); custodian fees; taxes; other expenses incidental to the Fund's operations; and other charges and costs of the Fund's operations. Funds may also pay for expenses related to compliance consulting. Expenses may be advanced by Silver Creek and reimbursed by the Fund. All investors in the Fund will bear their pro rata share of the Fund's expenses; provided that any expense that is directly attributable to a particular Fund investor may in certain cases be allocated solely to such Fund investor in Silver Creek's discretion. In the event an Investment Vehicle and/or a Master Fund is established with respect to a Fund, such Fund will bear its pro rata share of expenses of such Investment Vehicle and/or Master Fund.

To the extent that expenses are allocable amongst and/or between Funds, Silver Creek and any Silver Creek affiliate, such expenses are calculated by Silver Creek and generally allocated pro rata to the entities

involved based on net asset value or otherwise as determined to be equitable by Silver Creek in its discretion.

For further information regarding the expenses involved in an investment in the Funds, please refer to the section of the offering documents of the relevant Fund entitled “Expenses”.

D. Management Fees for the Funds are either billed or deducted quarterly in advance or annually in arrears. For Funds that bill or deduct Management Fees in advance, an investor will receive a refund calculated based on the value of the amounts distributed from the Fund and the number of days remaining prior to the end of the billing period.

E. Not applicable.

1. Not applicable.
2. Not applicable.
3. Not applicable.
4. Not applicable.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Please refer to Item 5 and the risks disclosed in Item 8 of this brochure for information regarding performance-based fees charged by Silver Creek. Silver Creek only provides investment supervisory services to the Funds. Silver Creek does not provide such services on a side-by-side basis with investment funds that are required to register as investment companies under the Investment Company Act (e.g. mutual funds).

ITEM 7 TYPES OF CLIENTS

Please refer to Item 4 for a description of the Funds for which Silver Creek provides services. The Funds are only offered to prospective investors that qualify as (i) accredited investors (as that term is defined for purposes of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) and (ii) qualified purchasers (as that term is defined for purposes of Section 2(A)(51) of the Investment Company Act) (or knowledgeable employees, as permitted under Rule 3c-5 of the Investment Company Act), for purposes of the application of Section 3(C)(7) of the Investment Company Act.

Investors in the Funds may generally include high net worth individuals, trusts, endowments, foundations, pension plans, retirement plans, corporations, individual retirement accounts, government plans and other institutional investors. Silver Creek does not currently perform advisory services for individual managed accounts.

Current investors in the Funds listed under Item 4 of this Part 2A Brochure should refer to the offering documents of the relevant Fund for information on minimum investment and minimum account size requirements. The minimum investment requirement for the Funds in Harvest is \$10,000,000 which may have been reduced, waived or increased in the sole discretion of Silver Creek. However, none of the Funds are currently open for investment because such Funds are closed end investment structures that have completed their closing period (previously defined as the “Funds in Harvest”).

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

As noted above, none of the Funds in Harvest are currently open for investment. For a full description of SCAP's methods of analysis, investment strategies and risks of loss with regards to its investment activities for the private investment funds it manages, please refer to Item 8 of SCAP's own Form ADV Part 2A.

A. Methods of Analysis

Subject to any applicable investment restrictions specific to a Fund, Silver Creek has pursued each Fund's investment objectives by (a) placing assets of the Fund or Master Fund in pooled vehicles (previously defined as "Pooled Vehicles") managed by third-party managers (previously defined as "Advisors"), (b) engaging Advisors to manage separately managed accounts on behalf of the Fund, Master Fund, or affiliated holding companies (previously defined as "Managed Accounts" and, together with Pooled Vehicles, previously defined as "Sub-Funds") and (c) taking direct securities positions for hedging purposes and for investment purposes. Sub-Funds are managed by Advisors that meet the relevant Fund's and Silver Creek's selection criteria and whose investment strategies and performance are believed to be consistent with such Fund's stated investment objective. Each Fund and Master Fund may hold investments in Sub-Funds which have limited exposure to other Sub-Funds. In Silver Creek's discretion as the Funds' investment manager, a Fund may hold interests in one or more Advisors of Sub-Funds in which the Fund also holds an interest.

As noted above in Item 2, none of the Funds in Harvest is currently open for investment. For a full description of SCAP's investment advisory services with regards to the private investment funds it manages, please refer to SCAP's own Form ADV. Because the Funds are all in various stages of wind down or harvest, Silver Creek is responsible for evaluating and managing the investments in the Funds' portfolios consistent with effecting an orderly and efficient liquidation or harvest for the Funds, as the case may be. Silver Creek seeks to optimize the amount of realized proceeds available to be distributed to investors as fast as is prudently possible while seeing to minimize adverse impacts on each respective Fund's portfolio.

Silver Creek has adopted a Portfolio Management and Due Diligence Policy to help ensure that investments are adequately evaluated and reviewed and that each Fund's portfolio is being managed according to its investment objectives. Silver Creek's policies require periodic pre- and post-investment evaluations, portfolio risk management, liquidity management, and certain procedures for transactions with Silver Creek affiliates that may pose specific conflicts of interest. A copy of Silver Creek's Portfolio Management and Due Diligence Policy will be provided to any investor or prospective investor upon request.

Silver Creek monitors Advisors on an ongoing basis and reviews the Advisors' investment methodologies and philosophy regularly. The identity and number of Advisors is likely to change over time. Silver Creek will remove Advisors without prior notice to or the consent of the Fund's investors.

Silver Creek uses a variety of proprietary and non-proprietary research models and methods and employs both qualitative and quantitative analysis. Silver Creek derives information from a wide variety of sources, including securities information services, reporting by fund managers, manager interviews and due diligence, periodicals, trade journals, research reports, industry contacts and professional advisers.

In addition to investment-related due diligence, Silver Creek performs due diligence that is designed to evaluate the robustness of an Advisor's internal processes, controls, and risk management. The elements of the due diligence process will vary, depending on the Advisor's strategy, structure, operations and processes. Silver Creek's analysis may include, without limitation, an examination of portfolio management and operational controls, pricing policies, third-party relationships, terms and conditions of the investment,

moral hazard, and background checks. Advisors are generally expected to provide Silver Creek and its Funds with annual, independently audited financial statements prepared generally in accordance with U.S. Generally Accepted Accounting Principles (GAAP), International Financial Reporting Standards or a comparable accounting standard.

To the extent applicable, investment decisions regarding new Advisors and/or Sub-Funds are generally made by the Investment Committee on a consensus basis. The Chief Investment Officer, as chair of the Investment Committee, may, however, make the final investment decision, with the exception of the operational due diligence team, which holds veto power with respect to any new, existing, or follow-on investments, where applicable. To the extent a new Sub-Fund is approved by the Investment Committee, each Portfolio Manager has the authority to, with respect to the portfolio(s) over which s/he has responsibility, determine whether to make an allocation to the approved Sub-Fund and if so, how much capital to allocate.

B. Investment Strategies and Risks of Loss

Investment Strategies

Silver Creek has allocated the assets of the Funds and Master Funds according to the stated investment objective as described in the offering documents of each Fund. The Funds and Master Funds employ Advisors who use a broad variety of investment styles and strategies. The following is a non-exclusive list of many of the types of strategies in which the Funds in Harvest and their Master Funds, where applicable, have invested.

- *Asset Backed Loan Origination:* This strategy involves originating asset backed loans directly to the borrower as opposed to buying such loans on secondary markets. Advisors and Sub-Funds using these strategies will generally complete the credit analysis, originate loans, and service the loan. Opportunities exist in this space because banks and other traditional lenders have greatly reduced their commercial finance operations after the credit crisis, consolidation and other institutional factors. Because of this, alternative sources of financing such as hedge funds have been able to step in and source transactions on attractive terms.
- *Non-performing Loan Portfolios:* This strategy involves buying portfolios of non-performing loans and other income streams from banks, insurance companies, leasing companies and other financial institutions. Financial institutions may hold substantial portfolios of loans and other obligations that are in default. These institutions are in many circumstances willing to sell these income streams at discounts to fundamental value because of regulatory requirements, institutional requirements or an unwillingness to invest the resources required to extract value. Silver Creek believes these opportunities exist worldwide, so these investments may be made outside the U.S. Successful execution of these strategies requires a unique combination of deal flow, in house expertise to properly price and structure transactions and the infrastructure to extract value from the portfolios that are acquired.
- *Private Distressed Securities:* This strategy involves investing in the securities of private operating companies that are insolvent or otherwise in financial distress. Companies that do not have access to public capital markets and that are not healthy enough to obtain financing from a conventional loan origination source will turn to alternative sources of capital. Advisors attempt to identify situations where assets are undervalued by the marketplace, resulting in a significant spread between fundamental and market value. Such undervaluation may be the

- result of many factors, including: (i) difficulties in conducting financial analysis on a troubled company; (ii) the presence of complex business situations, such as litigation; and (iii) the lack of reliable sources of third-party information, such as research reports. A distressed strategy may be deployed in a wide variety of structures, but typically an investor will take a substantial (often controlling) position in an issuer who is in financial distress. Investments typically are made in relatively senior instruments, but it is also common to take positions in equity or equity-linked securities in the hope of enhancing returns after the markets recognize the issuer has recovered. Advisors in this area will often take a substantial role in the management of the issuer in the hope of positively influencing a successful turnaround.
- *Private Equity and Hybrid Funds:* These strategies involve private equity-type investments but apply hedge fund skills in structuring and financing transactions and in governance and operations to their investments. Opportunities are sometimes available where it is possible to buy into high cash flow businesses that are backed by tangible assets but which are priced attractively relative to their book and/or believed fundamental value. Examples of sectors where these opportunities may be found include, without limitation, real estate, infrastructure, banking and finance, senior living, and energy production and distribution. Targeted opportunities will present the possibility of very attractive private equity-like exit events, but are believed to reduce downside risk because of the sound fundamentals and/or cash flows of the underlying businesses. These opportunities may exist because of a variety of factors with the issuer, such as mismanagement, poor capital structure, capital markets dislocation, privatizations, legal situations and rapid change in the industry. Successful investing in these opportunities requires a unique skill set, including expertise in mergers and acquisitions, structured finance, capital markets and operational excellence.
 - *Accounts Receivable Financing:* In this strategy, the Advisor provides short-term financing to a business using the business's accounts receivable as security. The business is responsible for repaying the loan at maturity and collecting on its accounts receivable. The Advisor would only take possession of the accounts receivable if the borrower defaults on its obligation. In a variation of this strategy, called "factoring", the Advisor would purchase accounts receivable from a business at a discount to face value and be responsible for collecting on such amounts. In another variation on this strategy, an Advisor will purchase trade claims at a substantial discount to face value from insolvent or otherwise distressed companies.
 - *Private to Public Income Arbitrage:* This strategy involves structuring and financing pools of assets and income streams and then realizing value by packaging these assets and offering them to the public markets or strategic buyers. These investments present opportunities to invest in attractively valued assets that generate strong cash flow. Upon achieving critical mass, assets can be refinanced or restructured into pools which can then be "securitized" and priced and sold as a yield vehicle.

The foregoing is not a comprehensive list of strategies that have been employed by the Funds in Harvest or their Master Funds, where applicable, nor are the descriptions necessarily the only ways in which such strategies may be employed.

In order to implement the various strategies, many Advisors are permitted to utilize leverage and to invest in a wide range of instruments and markets, including, but not limited to, U.S. and non-U.S. equities, both public (listed on securities markets and exchanges around the world) and private; interests in other pooled investment vehicles (including funds-of-funds and/or affiliated funds); equity-related instruments such as preferred stocks, warrants and convertible securities; fixed income and other debt-related instruments

whether or not investment grade, including debt securities and bonds of governments, their agents and instrumentalities, commercial paper and trade debt issued by U.S. and non-U.S. operating companies, bankers' acceptances and certificates of deposit issued by banks and credit institutions; currencies; financial commodities such as futures and options relating to financial and physical assets; repurchase agreements and reverse repurchase agreements; and derivative instruments, including both over-the-counter and exchange-traded instruments such as swaps, futures, options and forward agreements. The Funds and/or Master Funds are authorized to invest directly in such instruments as well. In addition, the Funds, Master Funds, and/or the Advisors are authorized to trade on margin and engage in short sales.

Risks of Loss

Investment in the Funds is speculative, illiquid and involves a high degree of risk. Interests in the Funds are available only to persons willing and able to bear the economic risks involved in the investment strategies employed by the Funds and to accept limited liquidity of their investment and who can bear the risk of loss of their entire investment. An investment in the interests of the Funds is suitable only for a limited portion of the risk segment of an investor's portfolio. There is no assurance that the Funds will be profitable or that investors will not lose their investment in their specific Fund. The Performance Allocations may create an incentive for Silver Creek to cause the Funds, Master Funds, and Investment Vehicles to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement.

Investors should give careful consideration to the following risk factors detailed below in evaluating the merits and suitability of an investment in a Fund. The following does not purport to be a comprehensive summary of all the risks associated with an investment in a Fund. Rather, the following are only certain risks to which the Funds are subject that Silver Creek wishes to encourage investors to consider and discuss in detail with their professional advisors. To the extent that a Fund invests through a Master Fund and/or an Investment Vehicle, the risk factors described below should be read to apply to such investments in the Master Fund and/or Investment Vehicle as well.

For further information regarding the risks as well as potential conflicts of interest involved in an investment in the Funds, please refer to the sections of the offering documents of the respective Fund entitled "Risk Factors" and "Potential Conflicts of Interest."

- *Investment in General:* Any investor who subscribes for an investment in a Fund must be able to bear the risks involved and must meet the Fund's suitability requirements. Some or all of the alternative investment strategies employed by the Funds may not be suitable for certain investors. No assurance can be given that the Funds' investment objectives will be achieved. Hedge fund investments are speculative and involve a substantial degree of risk. Past results of other funds managed by Silver Creek or any of its affiliates are not necessarily indicative of future performance of a Fund, and a Fund's performance may be volatile. Moreover, Silver Creek has placed Fund assets with Advisors based upon Silver Creek's evaluation of, among other factors, the past performance of such Advisors. Such past performance may not be an accurate indicator of future returns delivered by such Advisors. Investment results may vary substantially on a monthly, quarterly or annual basis. An investment in a Fund does not constitute a complete investment program. An investor must realize that it could lose all or a substantial amount of its investment in a Fund.

Silver Creek expects that certain Sub-Funds may under-perform or experience financial difficulties, which difficulties may never be overcome. Certain Sub-Funds may be highly illiquid and/or permit redemptions or withdrawals infrequently and under very restrictive terms.

Advisors may utilize highly speculative investment techniques, including extremely high leverage, highly concentrated portfolios, workouts and startups, control positions and illiquid investments. None of the Funds, their investors or Silver Creek will have the ability to direct or influence the management of an underlying Advisor's investments. As a result, the returns of the Funds will depend primarily on the performance of such Advisors and could suffer substantial adverse effects by the unfavorable performance of such Advisors. There are no assurances that the Funds will be able to identify suitable investment opportunities. No assurance can be given that the Funds will achieve their goals or investment objectives. If a Fund receives distributions in kind from an investment, it may incur additional costs and risks to dispose of such assets, which costs will be passed along to its investors.

- *Achievement of a Fund's Investment Objectives:* All securities, commodities and currency investments risk the loss of capital. While Silver Creek believes that the Funds' investment programs moderate this risk to some degree through a diversification of investment styles, the use of multiple Advisors, the investment strategies employed, and possibly, hedging, no guarantee or representation is made that the Funds' programs will be successful. Such an approach is not risk-neutral and the pursuit of absolute returns may result in losses to investors. There is no ability to predict the investments the Advisors may select, or whether they will act in accordance with disclosure documents or descriptive materials furnished by them to a Fund. There is no guarantee that Advisors will be able to successfully identify and select successful investment opportunities. No assurance can be given that a Fund will achieve its goals or investment objective.
- *Market Disruption and Political Risk:* The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of asset prices, liquidity, interest rates and the extent and timing of investor participation in the markets for both equity and interest-rate-sensitive securities. Volatility, illiquidity, governmental action, currency devaluation, or other events in global markets in which a Fund directly or indirectly holds positions could impair the Fund's ability to achieve its investment objective and could cause the Fund to incur substantial losses. The success of a significant portion of a Fund's investment program depends, to a great extent, upon correctly assessing the future course of price movements of stocks, bonds and other securities and financial instruments. There can be no assurance that Silver Creek and/or the Advisors will be able to predict accurately these price movements or that trading strategies that have been successful in the past will be successful in the future.

Various social and political tensions in the U.S. and around the world may contribute to increased market volatility, may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties in the United States and worldwide. Silver Creek does not know how long the financial markets will continue to be affected by these events and cannot predict the effects of these or similar events in the future on the U.S. economy and securities markets. Given the risks described above, an investment in the interests of a Fund may not be appropriate for all prospective investors. An investor should carefully consider its ability to assume these risks.

Market disruptions have led to increased governmental as well as self-regulatory scrutiny of the private investment fund industry in general. Legislation proposing greater regulation of the industry, the markets in which the Funds trade and invest and the counterparties with which the Funds do business has been proposed by the U.S. Congress, as well as the governing bodies

of non-U.S. jurisdictions and further regulations continue to be proposed and promulgated. Any such regulation could have a material adverse impact on the profit potential of the Funds.

- *Illiquidity of Investments of the Funds:* The Sub-Funds in which the Funds invest typically impose substantial restrictions on transfers of interests in such Sub-Funds and generally require the consent of the Sub-Fund to be obtained before the transfer of any interests. The Sub-Fund may withhold such consent for any reason or no reason. Interests in the Sub-Funds have been offered without registration under the Securities Act. There is generally no public market for interests in the Sub-Funds and, for a variety of regulatory reasons no such market will be permitted to exist. The only source of liquidity for interests in the Sub-Funds are as described in each particular Sub-Fund's offering documents. Certain Sub-Funds in which the Funds invest may be illiquid and may not permit redemptions or withdrawals, or may permit redemptions or withdrawals in limited circumstances and on highly restrictive terms.
- *Use of Advisors:* The Advisors may manage other accounts (including collective investment vehicles and accounts in which the Advisors may have an interest) that, together with accounts already being managed, could increase the level of competition for the same trades the Advisors might otherwise make, including the priorities of order entry. This could make it difficult to take or liquidate a position at a price indicated by the Advisor's strategy.

Fund investors incur the costs of multiple levels of investment advisory services: the management fee and performance allocation paid to Silver Creek for managing the Fund, as well as the management and incentive and other fees paid or allocations made to Advisors themselves. The asset-based fees of the Advisors generally range from 1% to 3%, and the performance-based allocations or fees of the Advisors generally range from 10% to 30% of net capital appreciation. Some Advisors may manage or invest in other funds or funds-of-funds, which would add additional layers of fees. In addition to advisory fees and its own investment and operational expenses, a Fund incurs its proportionate share of all of the expenses of the Sub-Funds and any Master Funds and Investment Vehicles, including, but not limited to, brokerage commissions and legal and accounting fees. A Fund may hold investments, either directly or indirectly, in Sub-Funds managed by Silver Creek or by Advisors that are affiliates of Silver Creek or the Fund (including Sub-Funds managed by Advisors in which the Fund holds an interest). It is possible that affiliates of Silver Creek will receive fees or other compensation as a result of the Fund's investments. While Silver Creek will not participate in fees paid or allocations made to Advisors through rebates or reallocations of any sort, Silver Creek may indirectly benefit from fees paid to Advisors where a Fund holds an interest in such Advisor.

The Advisors of many, and possibly all, of the Sub-Funds through which the Funds invest are compensated through incentive fee arrangements. Under these incentive fee arrangements, the Advisor may benefit from appreciation, including unrealized appreciation, in the value of the account, but may not be similarly penalized for realized losses or decreases in the value of the account. Such fee arrangements may create an incentive for the Advisors to make investments that are unduly risky or speculative. Because Advisors are compensated based on their performance and not the performance of a Fund's investment as a whole, some Advisors may receive fees, including incentive fees, even though a Fund as a whole is not profitable.

Advisors may provide limited transparency to Silver Creek into their investment activities and operations. While Silver Creek has policies and procedures in place to evaluate and monitor the operations of Advisors with whom a Fund invests, there can be no assurance that a Fund

will not be exposed to losses due to operational failure, business interruptions, or improper or illegal activities by such Advisors. In addition, Silver Creek's access to information about the Sub-Funds' investments on a daily or regular basis will be limited. Investors in the various Sub-Funds typically have no right to demand such information.

While the use of multiple Advisors may provide some diversification of investment risk, no assurance can be given that such diversification will occur, or that if it does, that it will increase, rather than reduce, potential net profits. The use of multiple Advisors may cause a Fund indirectly to hold opposite positions in an investment, thereby decreasing or eliminating the possibility of positive returns from such investment. To the extent that a Fund does, in fact, hold such positions, the Fund, considered as a whole, may not achieve any gain or loss despite incurring expenses.

Silver Creek does not have any control over the investments made by Sub-Funds. The withdrawal limitations imposed by the Sub-Funds could prevent Silver Creek from reacting rapidly to market changes should a Sub-Fund fail to effect portfolio changes consistent with market changes and the demands of Silver Creek.

There is generally no limitation on the size or operating experience of the Sub-Funds in which a Fund may invest. Some smaller Sub-Funds may lack management depth or the ability to generate internally or obtain externally the capital necessary for growth.

- *Lack of Regulation of Advisors and the Fund:* The Funds and the Sub-Funds in which the Funds invest are generally not subject to many provisions of the federal securities and commodities laws that are designed to protect investors in pooled investment vehicles offered to the public in the United States. The interests in Sub-Funds that are purchased by the Funds generally are not offered pursuant to registration statements effective under the Securities Act. In addition, the Sub-Funds in which the Fund invests generally are not subject to the periodic information and reporting provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor in most cases are those Sub-Funds be registered as investment companies under the Investment Company Act. Similarly, the Advisors of Sub-Funds that trade in commodity interests may be exempt from the disclosure, reporting and record-keeping requirements of the U.S. Commodity Exchange Act. Moreover, Advisors may not currently be registered under the Advisers Act. Accordingly, only a relatively small amount of publicly available information about Sub-Funds or Advisors may be available to Silver Creek in managing and assessing the Funds' investments. In addition, it is likely that Silver Creek may not be able to ascertain investment positions taken by many of the Sub-Funds in which a Fund invests and Silver Creek is generally unable to independently verify many of the valuations provided by Advisors.
- *Leverage:* Subject to any applicable restrictions on borrowings described in a specific Fund's offering documents, the Funds and Sub-Funds in which they invests are authorized to borrow funds in order to employ leverage, to manage liquidity and for any other purpose. Such borrowings may be secured by a pledge of assets to the lender. Borrowing money to purchase securities may provide an opportunity for greater capital appreciation by permitting greater economic exposure to profitable positions. At the same time, leverage increases the Funds' exposure to capital risk and higher current expenses through greater exposure to losses, interest charges, fees imposed by lenders and transaction costs. Moreover, if the assets allocated to an Advisor are not sufficient to pay the principal of, and interest on, the debt when due, a Fund could sustain losses exceeding the amount of assets allocated to that particular Advisor. Any

leverage at the Fund level will be in addition to the often substantial leverage employed by the Advisors and would serve to further increase the risk associated with these positions. A Fund and Advisors to whom such Fund allocates assets may borrow funds, or engage in repurchase agreements, for the purpose of purchasing or carrying securities. Such borrowings may not be subject to any limitations on the amount or terms of borrowings other than those imposed by the lender and any applicable credit regulations and any applicable limitations imposed on a Fund's borrowings as described in its offering documents, and the amount of borrowings outstanding at any time may be large in comparison to the borrower's capital. Borrowing money to purchase securities may provide an opportunity for greater capital appreciation, but also increases a Fund's exposure to capital risk and higher current expenses.

- *Investment Selection:* Silver Creek and the Advisors select investments on the basis of information and data prepared by the issuers of such securities or their Advisors or made directly available to Silver Creek and/or the Advisors by the issuers of the securities and other instruments or through sources other than the issuers. Although Silver Creek and the Advisors evaluate available information and data and seek independent corroboration when they consider it appropriate and when it is reasonably available, Silver Creek and the Advisors are not in a position to confirm the completeness, genuineness or accuracy of such information and data.
- *Managed Account Allocations:* Silver Creek may place assets of a Fund with a number of Advisors through opening discretionary Managed Accounts rather than investing in Pooled Vehicles. Managed Accounts may expose the Fund to theoretically unlimited liability, and it is possible, given the leverage at which certain of the Advisors of the Managed Accounts will trade, that the Fund could lose more in a Managed Account directed by a particular Advisor than the Fund had allocated to such Advisor to invest.
- *Timing of Redemptions:* Certain of the Sub-Funds in which any of the Funds invest may be illiquid and not permit redemptions or withdrawals, or may permit redemptions or withdrawals in limited circumstances and on highly restrictive and/or punitive terms. These factors may require an open-end Fund to defer the payment of amounts redeemed from such Fund. These factors may also tend, from time to time, to affect the proportion of Fund investments in particular Sub-Funds.
- *Investment in Foreign Securities:* The Funds may, either directly or indirectly through Advisors and Sub-Funds, take positions in non-U.S. securities. Investment in non-U.S. securities may be subject to greater risks than purely domestic investments because of a variety of factors, including currency controls and the fluctuation of currency exchange rates, changes in governmental administration or economic or monetary policy (in the U.S. and abroad) or changed circumstances in dealings between nations. Dividends paid by foreign issuers may be subject to withholding and other foreign taxes that may decrease the net return on these investments as compared to dividends paid to a Fund by domestic issuers. There may be less publicly available information about non-U.S. issuers than about U.S. issuers, and non-U.S. issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of U.S. issuers. Securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers and commissions on non-U.S. transactions are generally higher than commissions in the United States. Non-U.S. securities markets may also be less liquid, more volatile and subject to less governmental supervision than those in the U.S. Investment in foreign countries could be affected by other factors not present in the U.S., including expropriation without just compensation, exchange

control, withholding taxes, confiscatory taxation and potential difficulties in enforcing contractual obligations. Finally, the value of investments denominated in non-U.S. currencies is subject to fluctuations in the exchange rate between the U.S. dollar, in which investments in the Funds are denominated, and the non-U.S. currency. Advisors or Sub-Funds may incur significant transaction costs in converting assets between different currencies.

- *Investments in Insurance and Reinsurance:* The Funds may, either directly or indirectly through Advisors, invest in entities involved in the insurance and reinsurance business. Historically, the property reinsurance business has been highly cyclical and reinsurers have experienced significant fluctuations in operating results due to competition, frequency of occurrence or severity of catastrophic events, levels of capacity, general economic conditions and other factors. Demand for reinsurance is influenced significantly by the underwriting results of primary insurers and prevailing general economic conditions. While Silver Creek and the Funds may believe that there exists an attractive pricing environment, Silver Creek and the Funds cannot assure investors that if such pricing exists initially, it will continue. Premium levels may be adversely affected by a number of factors, including increases in insurance industry capacity generally, increases in insurance and/or reinsurance capacity, a reduction of prices in response to favorable loss experience, the pricing of underlying direct coverage, and other factors. These factors fluctuate and may contribute to price declines generally in the reinsurance industry. Loss levels may exceed estimates, resulting in substantial losses on these investments. Certain insurance strategies, such as life insurance premium financing, are subject to legal risk and losses may result from adverse changes in law or interpretations of law.

Risks of Special Techniques and Investment Strategies Used by Advisors and the Funds: Many of the Advisors through which the Funds and Master Funds invest use special investment techniques and investment strategies that may subject the Funds' direct and/or indirect investments to certain risks. These techniques and strategies may also be employed by a Fund or Master Fund directly from time to time. Certain, but not all, of these techniques and strategies and the risks that they entail are summarized below.

- *Illiquid Fund Securities:* A Fund may have material exposure to private, unregistered securities. Positions in these securities may be difficult to liquidate or otherwise may be subject to very limited or no redemption rights. Positions may be valued based on economic models even though intrinsic value or realizable value may be different. Valuations of such illiquid positions may involve uncertainties and judgments, and if such valuations should prove to be incorrect, the net asset value of the Fund could be adversely affected.
- *Short Selling:* Strategies employed by certain Advisors may entail selling securities of an issuer short in the expectation of "covering" the short sale with securities purchased in the open market at a price lower than that received in the short sale. The profit realized on a short sale will be the difference between the price received in the sale and the sum of the costs associated with posting margin and the cost of the securities purchased to cover the sale. The possible losses from selling a security short are unlimited, whereas losses from a long cash investment in a security can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws, the several national securities exchanges and the Financial Industry Regulatory Authority, which restrictions could limit the investment activities of Sub-Funds. Where a Fund invests through a Sub-Fund, however, its exposure is generally limited to its investment in that Sub-Fund.
- *Trading in Derivatives, Futures, Currencies and Other Instruments:* Advisors and a Fund may directly trade in commodity futures, currency and interest rate forwards and a wide variety of

other derivative instruments, including options, swaps, caps, warrants and rights (collectively, “Derivative Instruments”) whose values are based on the price of related securities, commodities, currencies or other interests. A position in a Derivative Instrument entails risks that are separate and distinct from those of the underlying interest. For example, the leverage (market risk per trading unit) and volatility represented by a Derivative Instrument is often significantly greater than that of the underlying interest. Commodity markets are highly volatile. In addition, the U.S. Commodity Futures Trading Commission (the “CFTC”) and U.S. futures exchanges have established limits referred to as “speculative position limits” on the maximum net long or net short futures position which any person may hold or control in particular commodities. Such limits may require that the trading instructions be modified and that positions be liquidated in order to avoid exceeding such limits. Currency trading and trading in various over-the-counter Derivative Instruments involve a risk as to the creditworthiness of the counterparty (*i.e.*, its ability to fulfill its contractual obligation under the Derivative Instrument). Such trading, moreover, is generally subject to less governmental regulation than securities or futures markets. In addition to the foregoing risks, options entail an entirely distinct set of risks. As an option buyer, the risk is limited to the purchase price (referred to as the option premium) of the option. As an option writer (or seller), the exposure to adverse price movement on the underlying instrument is potentially unlimited, although the period during which the writer is exposed is usually limited in duration to a specified maturity date. Derivative Instruments may also be used to hedge exposures in a Fund’s portfolio. The effectiveness of purchasing or selling Derivative Instruments as a hedging technique depends upon the extent to which price movements in assets that are hedged correlate with price movements of the derivative selected. For example, because the value of an option depends upon movements in the underlying asset, whether a gain or loss is realized from the purchase or writing of options depends upon movements in the level of prices in the underlying asset.

- *Distressed Securities:* A Fund may have exposure to positions in companies whose capital structures are highly leveraged and/or whose securities are distressed due to significant financial or business difficulties. More specifically, a Fund may directly or indirectly hold positions in distressed securities of business enterprises involved in workouts, liquidations, reorganizations, bankruptcies and similar situations. This will increase the exposure of such investments to adverse economic factors such as rising interest rates, severe downturns in the economy or deterioration in the conditions of the portfolio company or its industry. Since there is substantial uncertainty concerning the outcome of transactions involving distressed business enterprises, there is a high degree of risk of loss, including loss of the entire investment. If any such company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the investment in such company could be significantly reduced, eliminated, or not show any return for a considerable period of time. It may be difficult to obtain accurate information concerning a company in financial distress, with the result that the analysis and valuation are especially difficult. The market for such securities of such companies tends to be illiquid and sales may be possible only at substantial discounts. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that Silver Creek or the Advisors will correctly evaluate the value of investments or the prospects for a successful reorganization or similar action. Unless a Fund’s position is most senior, in any reorganization or liquidation proceeding relating to a company in which the Fund invests, the Fund may lose its entire investment or may be required to accept cash or securities with a value less than the Fund’s original investment. Under all of these circumstances, the returns generated from such companies may not compensate the Fund adequately for the risks assumed.

- *Loan Origination:* A Fund may have exposure to entities that originate loans. The success of this strategy will depend, in part, on the ability of the lender to originate loans to credit-worthy borrowers on advantageous terms. In originating and purchasing loans, these lenders compete with a broad spectrum of financial institutions, many of which have substantially greater financial resources and are more well known. Increased competition for, or a diminishment in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors. Another significant risk of this strategy is fraud by borrowers to whom loans are originated. Moreover, the value of a Fund's investment in loans (and hence, each investor's interest) may be adversely affected to the extent a borrower defaults on its obligations and there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan. The Advisor may attempt to minimize this risk by maintaining low loan-to-liquidation values with each loan and the collateral underlying the loan. However, there can be no assurance that the value assigned by the Advisor to collateral underlying a loan can be realized upon liquidation, nor can there be any assurance that collateral will retain its value. The value of an investment in loans is further subject to volatility due to exogenous factors such as changes in credit spreads or the performance of other loan market participants. In addition, certain loans may be supported, in whole or in part, by personal guarantees made by the borrower or a relative, or guarantees made by a corporation affiliated with the borrower. The amount realizable with respect to a loan may be detrimentally affected if a guarantor fails to meet its obligations under the guarantee. Moreover, the value of collateral supporting loans may fluctuate. In addition, active lending/origination by a Fund may subject it to additional regulation, as well as possible adverse tax consequences to its investors. Finally, there may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of and subsequently liquidating various types of collateral.
- *Risks Associated with Originating Loans to Borrowers in Distressed Situations:* The Funds may have exposure to companies that originate loans to borrowers that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although the terms of such financings may result in significant financial returns to a Fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high. There is no assurance that Advisors will correctly evaluate the value of the assets collateralizing loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company that a Fund funds, the Fund may lose all or part of the amounts advanced to the borrower or may be required to accept collateral with a value less than the amount of the loan advanced by the Partnership or its affiliates to the borrower.
- *Bank Loans:* The investments of the Funds may include direct or indirect investments in significant amounts of bank loans and participations. These obligations are subject to unique risks, including, without limitation: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; (iv) limitations on the ability of an investor to directly enforce its rights with respect to participations, and (v) fraud by the borrower. In analyzing each bank loan or participation, Silver Creek and/or the Advisors will generally compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne the Fund.

- *Risk Arbitrage/Event Driven/Activist:* The Advisors and a Fund may have exposure to risk arbitrage transactions. Such event driven and activist investing requires an investment manager to make predictions about (i) the likelihood that an event will occur, and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the foreseen effect, losses can result. Substantial transaction failure risks are involved in companies that are the subject of mergers, takeovers, bankruptcies, reorganizations, spin-offs or other special situations. Thus, there can be no assurance that any expected transaction will take place. Certain transactions are dependent on one or more factors to become effective, such as market conditions that may lead to unexpected positive or negative changes in a company profile, shareholder disapproval, regulatory and various other legal and third party constraints, changes in earnings or business lines or shareholder activism as well as many other factors.
- *Portfolio Investment Risks:* The companies in which a Fund may have exposure ("Portfolio Companies") may involve a high degree of business and financial risk. These companies may be in an early stage of development, may not have viable products or services, may not have a proven operating history or proven management, may be operating at a loss or have significant variations in operating results, may be insolvent or in bankruptcy, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio Companies may be highly leveraged. Leverage may have important adverse consequences to these companies and the Fund as an indirect investor. These companies may be subject to restrictive financial and operating covenants. Such leverage may impair the companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used. In addition, Portfolio Companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel.
- *Changes in Credit Spreads:* The value of many investments that Funds may hold are subject to changes in credit spreads as a result of changes in interest rates and market demand. The value of these securities is dependent on the yield demanded on these securities by the market. Excessive supply of these securities or a reduced demand will generally cause the market to require a higher yield on these securities, resulting in the use of a higher, or "wider," spread over a benchmark rate to value such securities. Under such conditions, the value of a Sub-Fund's securities portfolio would tend to decline. Conversely, if the spread used to value such securities were to decrease, or "tighten," the value of the Sub-Fund's securities portfolio would tend to increase. Furthermore, shifts in the market's expectations of future interest rates would also affect the yield required on the Sub-Fund's securities and therefore their value. Such changes in spreads would have similar effects on the Fund's portfolio and the Fund's financial position and operations.
- *Hedging Transactions:* The Funds and the Advisors through which they have invested may from time to time engage in hedging transactions (such as forwards, short sales, swaps or options on currencies, securities and indices) to attempt to mitigate risk of loss. However, it is impossible to fully hedge an investment due to the impossibility of identifying all possible risks, the uncertainty as to the economic factors to which an investment's performance may be

sensitive, the amount and timing of projected cash flows and investment returns and the cost to obtain sufficient hedges. Moreover, there will be times in which a Fund and/or Advisor believes that it is not possible or advisable to enter into hedging transactions; accordingly, the Fund may be exposed to fluctuations in currencies, interest rates, and other market conditions specific to the underlying asset. The success of any hedging transactions will be subject to the ability of Silver Creek and the Advisors to correctly identify the risk and predict correlations between the value of portfolio assets and the direction of external factors such as currency exchange rates, interest rates and securities prices. The effectiveness of a hedging technique depends upon the extent to which price movements in assets that are hedged correlate with price movements of the hedging instrument selected, and unanticipated changes may result in a poorer overall performance for the Fund than if such hedging transaction had not occurred. Conversely, there may be identified risks in the portfolio that are not hedged because adequate hedging may not be available or acceptable or may not be available or acceptable terms.

- *Investment in Subordinated Securities.* A portion of a Fund's assets (directly, or indirectly through its investment in Sub-Funds) may consist of debt securities that are subordinated in right of payment and ranked junior to other debt securities that are secured by the same pool of assets. In the event of default and the exhaustion of any equity support, reserve fund, letter of credit and any classes of securities junior to those in which the Fund invests, the Fund may not be able to recover all or even a portion of its investment in the securities purchased. In addition, the Fund's investments may have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels. As a result of these features, subordinated securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. Subordinated securities may lack protective provisions available to more senior lenders. Subordinated securities are also more sensitive to adverse economic downturns or individual issuer developments than senior securities.
- *Investment in the Financial Services Industry:* The results of operations of small banks, savings banks, savings institutions, non-bank lenders and other types of companies in which a Fund may invest may be materially and adversely affected by general economic conditions, changes in the level of interest rates, national and local cycles in real estate, the monetary and fiscal policies of the U.S. government and the regulatory policies of governmental authorities. Investments in savings institutions generally are highly sensitive to the level of their net interest income. Regulations now affecting financial institutions may be changed at any time, and the interpretation of these regulations by examining authorities of such financial institutions is also subject to change. There can be no assurance that these or any future changes in the laws or regulations or in their interpretation will not adversely affect the business of such financial institutions.
- *Real Estate Linked Securities:* The Funds may have direct or indirect exposure to mortgages, construction loans or other instruments linked to real estate. Real estate related investments are subject to a variety of risks, including, without limitation: local, national and international economic conditions; the supply and demand for properties, the financial conditions of tenants, buyers and sellers of properties; changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; changes in environmental laws and regulations, planning laws and other governmental rules and fiscal and monetary policies; environmental claims arising in respect of properties acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; and other factors which are beyond the reasonable control of a Fund or Advisor.

In addition, as recent experience has demonstrated, real estate assets are subject to long- term cyclical trends that give rise to significant volatility in values. Many factors could cause fluctuations in occupancy rates, rent schedules or operating expenses, causing the value of a Fund's investments to decline and negatively affect the Fund's returns. The value of a Fund's investments may fluctuate significantly due to these factors and may be significantly diminished in the event of a sudden downward market for real estate and real estate related assets. Foreclosures on such loans may result in a Fund holding, either directly or indirectly, interests in real estate assets itself. In the event of a foreclosure, the lender would bear the costs and liabilities associated with owning and disposing of the collateral. As a result, a Fund may be exposed to losses resulting from default and foreclosure. Any costs or delays involved in the effectuation of a foreclosure of the mortgage or a liquidation of the underlying assets will further reduce the proceeds and thus increase the loss. Foreclosure can be costly and delayed by litigation and/or bankruptcy.

- *Mortgage Backed Securities:* Mortgage backed securities (MBS) are subject to credit risks associated with the performance of the underlying mortgage properties. In certain instances, the credit risk associated with mortgage-related securities can be reduced by third-party guarantees or other forms of credit support. Improved credit risk does not reduce prepayment risk, which is unrelated to the rating assigned to the mortgage-related security. Prepayment risk can lead to fluctuations in value of the security, which may be pronounced. As with other interest-bearing securities, the prices of certain mortgage backed securities are inversely affected by changes in interest rates. However, although the value of a mortgage-related security may decline when interest rates rise, the converse is not necessarily true, since in periods of declining interest rates the mortgages underlying the security are more likely to be prepaid. Therefore, it is not possible to predict accurately the security's investment return. During periods of rapidly rising interest rates, prepayments of mortgage-related securities may occur at slower than expected rates. Slower prepayments effectively may lengthen a mortgage-related security's expected maturity, which generally would cause the value of such security to fluctuate more widely in response to changes in interest rates.
- *Residential MBS:* Holders of residential MBS (RMBS) bear various risks, including credit, market, interest rate, structural and legal risks. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity. The rate of defaults and losses on residential mortgages will be affected by a number of factors, including general economic conditions and those in the area where the related mortgaged property is located, the borrower's equity in the mortgaged property and the financial circumstances of the borrower.

The rise in the rate of foreclosures of properties backing residential mortgages in certain states has prompted legislators, regulators and attorneys general at both the federal and state level to try to prevent certain foreclosures and bring lawsuits against participants in the financing of residential mortgages, including issuers and underwriters of RMBS backed by such mortgages and investors in such RMBS. A program created by the U.S. government in cooperation with the mortgage lending and servicing industry, known as HOPE NOW, encourages servicers and lenders to work with certain troubled borrowers to restructure their mortgages to make the terms more affordable, which may reduce the return on such mortgages to the holders of any RMBS that include such mortgages. Restructuring of residential mortgages may extend the timeframe in which principal is repaid on RMBS and, in certain cases, may reduce the likelihood that principal is repaid in its entirety. Furthermore, lenders may voluntarily restructure residential mortgages without the consent of RMBS holders, which may violate the

terms of loan documents between such holders and lenders. Certain members of Congress have also proposed legislation that would create a program for reducing the outstanding principal of mortgage loans to troubled borrowers in return for certain tax benefits and that, if such legislation were passed and signed into law, would further reduce the return on such mortgages to the holders of the RMBS that include such mortgages. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Residential mortgage loans in an issue of RMBS may be subject to various federal and state laws, public policies and principles of equity that protect consumers, which among other things may regulate interest rates and other charges, require certain disclosures, require licensing of originators, prohibit discriminatory lending practices, regulate the use of consumer credit information and regulate debt collection practices. Violation of certain provisions of these laws, public policies and principles may limit the servicer's ability to collect all or part of the principal of or interest on a residential mortgage loan, entitle the borrower to a refund of amounts previously paid by it, or subject the servicer to damages and sanctions. Any such violation could also result in cash flow delays and losses on the related issue of RMBS.

- *Commercial MBS:* Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity, and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default. Most commercial mortgage loans underlying MBS are effectively non-recourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN PURCHASING AND HOLDING AN INTEREST IN A FUND. INVESTORS SHOULD READ THE FUND'S OFFERING DOCUMENTS AND CONSULT WITH THEIR FINANCIAL, LEGAL AND TAX ADVISORS BEFORE DETERMINING TO INVEST IN A FUND.

C. Please refer to Item 7.B of this brochure for information regarding material risks involved in particular securities recommended by Silver Creek.

ITEM 9 DISCIPLINARY INFORMATION

There are currently no legal or disciplinary events that are material to a client's or prospective client's (including investors and prospective investors in the Funds) evaluation of Silver Creek's advisory business or the integrity of its management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Not applicable.

B. Silver Creek and the Funds have claimed fund-of-fund commodity pool operator registration relief pursuant to the November 29, 2012 CFTC No-Action letter No. 12-38 and therefore the Funds are operated as if Silver Creek were exempt from registration as a commodity pool operator. Silver Creek is not required by CFTC regulation to deliver a disclosure document or a certified annual report to participants in the Funds. The CFTC does not pass upon the merits of participating in a pool or upon the adequacy or accuracy of such pool's offering documents. It is expected that Silver Creek would remain exempt from certain compliance requirements with respect to offerings to qualified eligible persons under CFTC Regulation 4.7.

C.(1). Not applicable.

C.(2). Silver Creek acts as the investment adviser to the various pooled investment vehicles listed under Item 4 of this brochure. Silver Creek has engaged Silver Creek Advisory Partners LLC (previously defined as "SCAP") to provide the personnel and infrastructure to enable Silver Creek to perform its duties to the Funds.

Each Fund depends on Silver Creek to conduct the business of the Fund. The managers and other personnel of Silver Creek will devote as much attention to the business of each Fund as in their judgment is reasonably required, but they will also act in other capacities with other entities, funds and businesses with which they are involved. Accordingly, Silver Creek will have conflicts of interest in allocating management time, services and functions among a Fund and other business activities in which it is engaged, and conflicts that may arise from having possession of material confidential information regarding potential investment opportunities. Silver Creek and its managers, personnel and affiliates are not precluded from purchasing interests of a Fund or interests of parallel funds that invest alongside a particular Fund.

Additional conflicts of interest of Silver Creek may arise due to the trading strategies or fee arrangements of a Fund. Silver Creek is compensated in part through a Performance Allocation. This Performance Allocation compensates Silver Creek with carried interest on amounts distributed by a Fund that are in excess of the contributed capital of such Fund's partners. The carried interest compensates Silver Creek for realized gains that result in distributions to such Fund's partners. Silver Creek is not similarly penalized for losses. In certain Funds, Silver Creek is not paid any Management Fee and as a result will receive no compensation if the Fund's investments are not profitable. As a result of these factors, the carried interest may create an incentive for Silver Creek to make investments that are more risky or speculative than it would otherwise. For a description of how the foregoing conflicts of interest are addressed, please refer to sub-section A under Item 11 of this brochure regarding Silver Creek's Code of Ethics.

C.(3). As disclosed under Item 4, Silver Creek is also affiliated through both ownership and control with SCAP. Please refer to the response provided for Item 4 for a list of other entities which are wholly owned subsidiaries of Silver Creek. Also as disclosed under Item 4, Silver Creek is affiliated with DFI, whose control persons are also control persons of Silver Creek.

C.(4)-C.(11). Not applicable

D. From time to time Silver Creek and/or its employees may have the opportunity to earn fees or other compensation for services they provide to third parties in connection with the investment activities of a Fund. For example, certain Fund investments may give the Fund the right to appoint a representative to a board of directors or advisory board, and an employee of Silver Creek could be appointed to such position. In other situations Silver Creek or an employee could obtain the right to receive compensation for services, such as management services or finders' or referral fees, provided in connection with a Fund's investment activities. In all such circumstances, any compensation that would otherwise be so payable to Silver Creek

or an employee shall instead be paid to the Fund whose investment activities gave rise to such compensation. Where more than one Fund is involved, the compensation will be allocated equitably as determined by Silver Creek in good faith. In such situation, the payor is directed to pay such compensation directly to the relevant Fund(s) to avoid creating taxable income for Silver Creek or its employees.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. To limit potential conflicts of interest involving personal trades and to promote compliance with law and fiduciary requirements, Silver Creek has adopted a Code of Ethics and Personal Securities Transactions Policy, which include a formal code of ethics and insider trading policies and procedures. Silver Creek's Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, fellow employees, colleagues in the investment profession, and other participants in the investment management industry;
- Place the integrity of the investment profession, the interests of Funds, and the interests of the investors in the Funds above their own personal interests;
- Not take inappropriate advantage of their position;
- Conduct all personal securities transactions in a manner consistent with the policy;
- Use due care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on Silver Creek and the investment management industry;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve their professional competence; and
- Comply with applicable provisions of the federal and state securities laws.

Silver Creek's policies also require its employees to: 1) pre-clear certain personal securities transactions; 2) report personal securities transactions at least quarterly; and 3) provide Silver Creek with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

A copy of Silver Creek's Code of Ethics and Personal Securities Transactions Policy will be provided to any investor or prospective investor upon request.

B & C. Silver Creek acts as investment adviser for the Funds, certain of which have similar or identical investment objectives to other funds managed by the Silver Creek. Silver Creek may cause persons and entities other than a particular Fund to acquire and hold securities of the same issue as those acquired and held by such Fund. Silver Creek has the right to cause a Fund or entities that such Fund controls or in which it invests to do business with any other investment vehicles controlled by Silver Creek or entities that such other investment vehicle controls or in which it invests.

The Funds may invest, either directly or indirectly, in Sub-Funds or Managed Accounts managed by Silver Creek or Advisors that are affiliates of Silver Creek. The Funds also may invest directly in one or more Advisors of Sub-Funds or Managed Accounts to which a Fund has allocated assets. In no event will Silver Creek participate in fees paid or allocations made to Advisors through rebates or reallocations of any sort. This restriction does not prohibit a Fund from negotiating fee reductions or rebates or participating in the economics of an Advisor in connection with the investment activities of that Fund so long as any benefits

from such inure to the benefit of the applicable Fund and not to any member of Silver Creek. To the extent a Fund holds an interest in an Advisor to a Sub-Fund or Managed Account in which the Fund also holds an interest, the Silver Creek may benefit indirectly from fees paid to such Advisor for such Sub-Fund or Managed Account.

Silver Creek may cause a Fund to transfer investments to or from other investment vehicles controlled by Silver Creek or its related persons. Such a situation would arise, for example, where Silver Creek determines that it is in the best interest of one Fund to sell or effect a redemption of a position and in the best interest of another investment vehicle controlled by Silver Creek to purchase or contribute capital to the same position. Such transactions may be executed as an assignment for reasons of administrative convenience or the subscribing Fund may be required to execute a new subscription agreement in order to take the position. In all cases, the transaction is on terms that are determined in good faith to be as favorable to each party as would be entered into an arms'-length basis as determined by Silver Creek on the best information available to it and consistent with Silver Creek's and the respective Fund's valuation policies as well as Silver Creek's Portfolio Management and Due Diligence Policy. In the case of a position in a Sub-Fund, such value will typically be the net asset value calculated and reported by the Sub-Fund's Advisor or fund administrator, but there may be circumstances in which such value is at a price that is different from the reported net asset value. Silver Creek will not accept any commission or similar transaction-based compensation as a result of providing such investment recommendations to its Funds.

Subject to any applicable restrictions on borrowing set forth in a Fund's offering documents, a Fund may lend money or securities to or borrow money from entities which are investment vehicles or managed accounts for which Silver Creek serves as an investment advisor, manager, sponsor, administrator or otherwise has an interest. Funds may borrow funds from Silver Creek from time to time. Such arrangements may involve the pledge of all or part of a Fund's assets to secure such financing and may entail certain conflicts of interest. These arrangements may result in loans that are not as secure as loans to or from wholly-independent entities and may be subject to agreements that are not reached as a result of arms-length negotiation. In each such case, Silver Creek shall endeavor to undertake such transactions on terms that are determined in good faith to be as favorable to each party as would be entered into an arms'-length basis as determined by Silver Creek on the best information available to it and consistent with Silver Creek's and the respective Fund's valuation policies as well as Silver Creek's Portfolio Management and Due Diligence Policy. However, there can be no assurance that such transactions will be on terms that are equivalent to those which would be available in an actual arm's-length transaction

Funds may, and certain Funds have, entered into negotiated arrangements with investors on terms that are different and/or more favorable than those offered in the standard offering documents of the relevant Fund. Affiliates of Silver Creek have been and in the future may be beneficiaries of such preferential terms. These arrangements have in the past included, without limitation: 1) lower or no Management Fees and/or Performance Allocations; 2) different redemption rights; 3) increased portfolio transparency and other reporting; 4) certain notice requirements at the occurrence of specified events; and 5) certain representations and warranties.

The Funds have no right to participate in or benefit from the activities of Silver Creek, its managers, members, personnel and its respective affiliates and related parties (collectively, "Related Parties") and the Related Parties do not account to the Funds for any profits or benefits made or derived therefrom, nor do Related Parties have any obligation to disclose specific opportunities to investors in the Funds. However, under Silver Creek's Code of Ethics and Personal Securities Transactions Policy, investment or service opportunities between Related Parties and Silver Creek's business contacts and outside employment opportunities (as well as service as a director, trustee or officer of an outside organization, as discussed below) must be disclosed to Silver Creek and are prohibited unless approved by Silver Creek. Silver Creek

and its Related Parties are permitted to own interests in the Funds and in certain cases have invested in the Funds on a no-fee basis. Silver Creek and its Related Parties are allowed to trade in securities for their own account, and may hold securities that are the same as those in which the Funds advised by Silver Creek are invested or which could be suitable for the Funds but in which the Funds do not hold an interest. Also, Silver Creek and its Related Parties may from time to time have an interest, direct or indirect, in a security whose purchase or sale is recommended or which is purchased, sold or otherwise traded for a Fund. However, under Silver Creek's Personal Securities Transactions Policy, all employees must disclose their personal trading activities to Silver Creek in order to ensure that such employees do not inappropriately trade in securities prior to the Fund's purchase of the same securities. All of Silver Creek's personnel are required to abide by Silver Creek's Code of Ethics and Personal Securities Transactions Policy. Silver Creek, its Related Parties and/or its employees at certain times come into possession of material non-public information which may preclude the Funds from entering into transactions that would otherwise be profitable.

Related Parties also may, subject to compliance with the Advisers Act, deal as principals with a Fund in the sale or purchase of investments of the Fund or act as brokers, whether to the Fund or to third parties, in the purchase or sale of the Fund's investments and shall be entitled to retain any profits or customary commissions resulting from such dealings.

Related Parties may, under certain circumstances, be granted permission to serve as directors, trustees or officers of outside organizations. Certain Related Parties currently serve in such a capacity. These organizations can include public or private corporations, partnerships, charitable foundations and other not-for-profit institutions. At certain times, Silver Creek may determine that it is in its clients' best interests for a Related Party to serve as an officer, director or advisory board member of an outside organization. Service with organizations outside of Silver Creek can, however, raise serious regulatory issues and concerns, including conflicts of interests and access to material non-public information. Compensation for such activities is subject to Silver Creek's Directors' and Other Fees and Compensation Policy.

Related Parties are prohibited from engaging in such outside activities without the prior approval of Silver Creek. Approval will be granted on a case by case basis, subject to proper resolution of potential conflicts of interest. Outside activities will be approved only if any conflict of interest issues can be satisfactorily resolved and any necessary disclosures are made to clients.

Investors are required to prospectively consent to certain transactions described above in order to subscribe for an interest in a Fund. Investors in a Fund should refer to the offering documents and audited financial statements of the respective Fund for specific disclosure with regards to that Fund's transactions with Silver Creek or one or more of its affiliates or other controlled investment vehicles.

D. Situations may arise where it is deemed advisable for a fund or account (such as the Fund) to take trading positions or make investment decisions that are opposite the trading positions or investments taken by another fund or account controlled by Silver Creek or its affiliates. As a result, Silver Creek may sell or recommend the sale of a particular security for certain accounts, including accounts in which it has an interest, and it or others may buy or recommend the purchase of such security for other accounts, including accounts in which it has an interest and, accordingly, transactions in particular Funds or accounts may not be consistent with transactions in other Funds or accounts or with Silver Creek's investment recommendations.

In situations where a limited investment opportunity is suitable for one or more Funds managed by Silver Creek, such opportunities will be allocated on a fair and equitable basis, as determined in good faith, balancing the best interests of the respective Funds and consistent with Silver Creek's Portfolio

Management and Due Diligence Policy. Factors to be considered may include, without limitation, the investment objectives of the Funds in question, anticipated liquidity needs, expected inflows and outflows of capital, anticipated future investment opportunities, whether the investment opportunity is of sufficient size to impact returns, contractual obligations to third parties, and other equitable factors. Each Fund bears its *pro rata* share of any costs associated with such trade on an equitable basis.

ITEM 12 BROKERAGE PRACTICES

A. Brokerage Practices - General

As the investment adviser to the Funds and the Master Funds, Silver Creek is granted the discretionary authority in the relevant organizational documents and/or investment management agreements to determine which securities and the amounts of securities that are bought or sold, as well as the broker dealer to be used and the commission rates to be paid, if any. Where a Fund invests in a Pooled Vehicle or Managed Account managed by an unaffiliated Advisor selected by Silver Creek, Silver Creek may not (and often will not) have the ability to determine which securities and the amounts of securities that are bought or sold, nor will Silver Creek necessarily be able to determine the broker dealer to be used and the commission rates to be paid.

As disclosed in each Fund's offering documents, the Funds and Master Funds invest primarily in Pooled Vehicles, the interests of which are typically sold directly by the issuers and without payment of brokerage commissions, or through Managed Accounts for which the executing brokers are chosen by the investment manager for the respective account. However, for any security trades effected through brokers selected by Silver Creek, Silver Creek will endeavor to select those brokers or dealers which will provide the best execution at competitive commission rates.

1. *Research and Other Soft Dollar Benefits*

Subject to the requirement to seek to obtain best execution of brokerage transactions, transactions for the Sub-Funds and the Master Funds are sometimes allocated to brokers on the basis of and in consideration of such broker's provision or payment of the costs of investment research and analysis, administrative and operational services and support, bookkeeping and recordkeeping services, trading terminals or other office equipment and other trading services and products (sometimes referred to as "soft dollar" services and products) that are of benefit to such Sub-Fund's Advisor or other advisory clients of the Advisor. In instances where a Fund or Master Fund makes direct investments, Silver Creek engages a full service brokerage firm to serve as prime broker and/or executing broker for such transactions. As a result, the Fund or Master Fund bears commission rates and other charges that are higher than those that may be available from a discount brokerage. A full service brokerage would be used where Silver Creek determines in good faith that the cost of using a brokerage is reasonable in relation to the value of the brokerage services and additional services provided by such full service brokerage. Such additional services may generally include pricing services, administrative and operational support, accounting services and software, and/or research and may be used to service Funds not exclusively in connection with the management of the specific Fund that engaged such full service brokerage. Where Silver Creek is responsible for selecting brokers for the Funds or Master Funds, it does not receive a "soft dollars" account that it uses to pay for separate research or other services. However, certain Advisors may employ such soft dollar accounts with respect to the Sub-Funds that they manage. Many Advisors employed by the Funds and/or Master Funds use soft dollars extensively.

The commission rates and other amounts charged by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services. Advisors may therefore recommend

the use of (or use) a broker who provides soft dollar services and products even though a lower commission may be charged by a broker who does not offer the same level of products and services. Research or other soft dollar services may be useful in servicing all of the Advisors' clients, and not all of such research may be useful for the account for which the particular transaction was effected. Such services may benefit other advisory clients and it is possible that the benefits of such services to a particular Fund will not be proportionate to the commissions borne by such Fund. The use of soft dollars described herein may not qualify for the "safe harbor" set forth in Section 28(e) of the Exchange Act.

2. Brokerage for Client Referrals

Not applicable.

3. Directed Brokerage

Not applicable

ITEM 13 REVIEW OF ACCOUNTS

A. Fund portfolios are reviewed on a continuous basis, and their performance, exposures and risk characteristics are monitored by Silver Creek's and SCAP's Investment Committee, including, Eric E. Dillon (Chief Investment Officer), Arthur Zaske (Portfolio Manager), Peter Duncan (Portfolio Manager) and LeAnne Kolb (Chief Financial Officer and Head of Operational Due Diligence). The Investment Committee is also supported by one Managing Director, one Director of Investment Research who is also a Portfolio Manager and Director of Investment Research for Funds managed by SCAP, three Senior Investment Analysts, , one Managing Director of Due Diligence, a Due Diligence Senior Analyst, a General Counsel, and the Chief Compliance Officer who is also Senior Counsel. An Investment Committee formed to oversee a specific Fund or Funds may consist of different members in addition to the Chief Investment Officer and such Investment Committee may adopt different rules to the extent Silver Creek determines they are warranted based on the specific requirements of such Fund or Funds.

The Investment Committee meets regularly to review and address ongoing tasks and issues and formally meets on a regular basis to review each Sub-Fund position in each Fund's portfolio as well as to review each Fund's overall hedging program and investment outlook with respect to specific underlying strategies. The Investment Committee also meets on an interim basis to the extent specific items need to be addressed. The Investment Committee evaluates the Funds' portfolios consistent with any applicable guidelines or restrictions in a specific Fund's offering documents and consistent with Silver Creek's Portfolio Management and Due Diligence Policy. For further information on the Investment Committee's review process, please refer to the section A of item 8 of this brochure entitled "Methods of Analysis."

Fund portfolios are also reviewed by members of the operations team and the Chief Financial Officer in consultation with the Chief Compliance Officer to monitor compliance with any applicable operating guidelines of the specific Funds.

B. Not applicable.

C. Each Fund's fiscal year ends on the 31st day of December of each calendar year. Each Fund will furnish annual reports to its investors containing financial statements examined by such Fund's independent auditors. Such audited financial statements for any fiscal year will be delivered as soon as reasonably practicable following the end of such fiscal year and receipt of necessary information from Sub-Funds and Advisors. Because each Fund's audit is dependent upon the receipt of audited financial statements from

Sub-Funds and Advisors, such Fund's audit may not be completed until late in the second quarter of the following fiscal year. Each Fund will communicate to each investor the net asset value of such Fund and of such investor's interest in the Fund on a quarterly basis as disclosed in each Fund's offering documents.

Additional written financial reporting may be provided via on-line access and/or direct delivery in Silver Creek's sole discretion and may include: monthly fund fact sheets; quarterly newsletters; and quarterly portfolio summaries. Certain Fund investors may receive additional and/or different reports by agreement among Silver Creek, the respective Fund and such investor. In Silver Creek's discretion, such reports and other communications may be disseminated exclusively via e-mail or a password protected website.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. Not applicable.

B. Not applicable.

ITEM 15 CUSTODY

Because Silver Creek has sole authority over the disposition of assets held by the Funds, Silver Creek is deemed to have custody of client assets under Rule 206(4)-2 of the Advisers Act. Silver Creek maintains all assets that are not exempt under Rule 206(4)-2 at a qualified custodian who provides account statements to the Funds and Silver Creek on a regular basis. The Funds are audited by an independent public accountant on an annual basis in accordance with U.S. Generally Accepted Accounting Principles and Silver Creek expects to distribute the resulting audited financial statements to Fund investors within 180 days of the applicable Fund's fiscal year end.

Please refer to Item 13.C for information regarding reports provided for investors in Silver Creek Funds.

ITEM 16 INVESTMENT DISCRETION

Silver Creek has discretionary authority to manage securities on behalf of its clients, the Funds, which authority is contained in the investment management agreement or other constituent document amongst the specific Fund and Silver Creek which include a power of attorney.

The investors in the Funds managed by Silver Creek generally may not place any limits on Silver Creek's authority beyond the limitations set forth in the offering and governing documents of their respective Fund. Silver Creek does not currently perform advisory services for individual managed accounts.

ITEM 17 VOTING CLIENT SECURITIES

A. As a "fund-of-hedge-funds" adviser, Silver Creek is infrequently requested to vote proxies as a result of holding securities of traditional operating companies. Silver Creek may however, from time to time, receive a request to vote on behalf of its Funds in their capacities as investors in underlying Sub-Funds. Silver Creek votes the Funds' proxies in the interest of maximizing value for the Funds and the investors in the Funds. To that end, Silver Creek endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Funds' investments to increase the most or decline the least in value. Consideration is given to both the short and long term implications of the proposal requiring a vote.

The Investment Committee and/or the applicable Silver Creek Portfolio Manager, in consultation with the Chief Compliance Officer are responsible for voting the proxies in the best interest of the Funds and their investors and submitting the proxies promptly and properly.

Silver Creek's complete proxy voting policy and procedures have been memorialized in writing and are available for investors to review. In addition, Silver Creek maintains a record of all of the proxy votes cast on behalf of the Funds; such records may be reviewed at Silver Creek's offices.

B. Not applicable.

ITEM 18 FINANCIAL INFORMATION

A. Not applicable

B. Not applicable.

C. Not applicable.

ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS

A. Not applicable.

B. Not applicable.

C. Not applicable.

D. Not applicable.