

**PART 2A OF FORM ADV**

**FIRM BROCHURE**

**PERRY CREEK CAPITAL LP**  
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**March 24, 2021**

**This Brochure provides information about the qualifications and business practices of Perry Creek Capital LP. If you have any questions about the contents of this Brochure, please contact Scott Kupersmith at 212-356-6051 or by e-mail at [skupersmith@perrycreekcap.com](mailto:skupersmith@perrycreekcap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority, and references in this Brochure to the Adviser as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

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

## **Item 2 – Material Changes**

As of March 24, 2021, Perry Creek is submitting this annual update to the Brochure which reflects the addition of the following new funds: Perry Creek Capital Partners LP and Perry Creek Capital Strategic Partners LP. There have been no material changes since submitting the annual amendment to the Brochure on March 18, 2020.

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#### **Item 4 – Advisory Business**

Perry Creek Capital LP, a Delaware limited partnership (the “Adviser” or “Perry Creek”) formed in 2014, provides discretionary investment advisory services to Perry Creek Capital Fund I LP (“Fund I”), Perry Creek Capital Fund II LP (“Fund II”), Perry Creek Capital Partners LP (“PCCP”) and Perry Creek Capital Strategic Partners LP (“PCCSP”), each a Delaware limited partnership that is a private investment fund. Each of Fund I, Fund II, PCCP and PCCSP is herein referred to as a “Fund” and together they are referred to as the “Funds.” Perry Creek Capital GP LLC, Perry Creek Capital GP II LLC, Perry Creek Capital Partners GP LLC and Perry Creek Capital Strategic Partners GP LLC, each a Delaware limited liability company, serve as the general partners of Fund I, Fund II, PCCP and PCCSP, respectively (the “General Partners”).

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

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

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

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

The Adviser does not participate in wrap fee programs.

As of December 31, 2020, Perry Creek manages \$1.342bn of Fund net assets on a discretionary basis.

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

##### **Management Fees**

Perry Creek receives a management fee covering its overhead expenses (including salaries of its personnel, office rental expenses and ordinary office administration costs) and expenses related to the regulatory obligations of Perry Creek (the “Management Fee”). Each limited partner in a Fund (each, a “Limited Partner”) pays a pro rata share of the Management Fee for such Fund based on the Limited Partner’s commitment. Management Fees will generally be shared by Fund I, Fund II, PCCP and PCCSP on a pro rata basis, in proportion to (i) for each of Fund I and PCCSP, its net asset values and (ii) for each of Fund II and PCCP, the sum of such Fund’s undrawn capital commitments plus its net asset value. Management Fees are paid quarterly in advance and are deducted from each

Investor's assets invested a Fund. Investors do not have the ability to choose to be billed directly for fees incurred.

Limited Partners may not withdraw from a Fund, and may not assign, sell, exchange, charge, pledge or transfer any of their interests, rights or obligations with respect to their interests in such Fund without the prior written consent of the relevant General Partner. As such, Management Fees are not refunded to Limited Partners.

### Expenses

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

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

### Carried Interest

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

Neither the Management Fee nor the Carried Interest is negotiable. Each General Partner at its sole discretion, may reduce or waive its Carried Interest with respect to any Limited Partner.

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

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

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

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

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

## **Item 7 – Types of Clients**

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

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

The minimum capital commitment of an Investor in Fund I, Fund II and PCCP is \$10,000,000 although lesser commitment amounts may be (and have been) accepted in the discretion of the Adviser (or the relevant General Partner). There is no minimum capital commitment to PCCSP.

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

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

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

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

## Investment Strategy and Process

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

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

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

## Market and Investment Risks

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

### Market Risks Generally

All securities investments risk the loss of capital. No guarantee or representation is made that either

Fund will achieve its investment objectives or that Investors will not lose all or substantially all of their investment in such Fund.

#### Economic Conditions

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

#### Concentration of Investments

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

#### Volatility

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

#### Risk of Early Stage Companies

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

#### Third-Party Investors

Each Fund may co-invest with third parties through joint ventures or other special-purpose vehicles (each an "SPV"). Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer or partner of such Fund may at any time have economic or business interests or goals that are inconsistent with those of such Fund, or may be in a position to take action contrary to such Fund's investment objectives. In addition, each Fund may in certain circumstances be liable for actions of its co-venturers or partners. Furthermore, if a co-venturer defaults on its funding obligations, a Fund may be required to make up the shortfall. Investments made with third parties in partnerships, joint ventures or other SPVs may involve carried interest and/or other fees payable to such third-party co-venturers or partners. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive

compensation arrangements.

### Liquidity of Investments

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

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

### Financial Model Risk

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

### Possible Positive Correlation

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

### Equity Investments

Each Fund's investment portfolio will include long and short positions in equity securities of United States and non-United States listed companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect a Fund.

Each Fund may on occasion acquire (i) more than five percent of a class of securities of a single

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

#### Structural Subordination of Equity Interests.

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

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

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

#### Reliance on Management

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

### Available Information

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

### Short Selling

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

### Fixed Income Obligations

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

### Foreign Securities

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

### Asset-Backed Securities

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

### Convertible Securities

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

### Derivatives

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

The trading of over-the-counter derivatives subjects each Fund to a variety of risks including: (i) counterparty risk, (ii) basis risk, (iii) interest rate risk, (iv) settlement risk, (v) legal risk, and (vi) operational risk. Counterparty risk is the risk that one of such Fund's counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

### Options

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

premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

### Debt Securities

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

### Loan Participations and Assignments

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

Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. Each Fund may invest in funded term loans through participation and assignments. When purchasing loan participations, a Fund assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which a Fund invests may not be rated by any nationally recognized rating service.

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

### Spread Trading Risks

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

### Arbitrage Transaction Risks

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

### Hedging Transactions

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

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

### Reliance on Corporate Management and Financial Reporting

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

### Exposure to Material Non-Public Information

From time to time, Perry Creek may receive material non-public information with respect to an issuer of publicly-traded securities. In such circumstances, each Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing

an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

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

#### **Item 9 – Disciplinary Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The fact that the Adviser, its affiliates and certain Access Persons each have financial ownership interests in the Funds creates a potential conflict in that it could cause the Adviser and its affiliates

to make different investment decisions than if such parties did not have such financial ownership interests. Such potential conflicts are addressed by the personal securities transaction pre-clearance and holding requirements described in the Adviser's Code of Ethics.

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

## **Item 12 – Brokerage Practices**

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

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

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

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

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

Perry Creek does not have directed brokerage arrangements.

Perry Creek recognizes that, as a fiduciary, it has a duty to allocate investment opportunities among its private funds in a fair and equitable manner. Currently, Perry Creek's only clients are the Funds.

If in the future Perry Creek manages additional funds or separately-managed accounts, it will adopt detailed aggregation and allocation procedures appropriate for its clients. In any event, if Perry Creek determines that it would be appropriate for more than one client to participate in an investment opportunity, Perry Creek will seek to allocate the investment opportunity to all of the participating clients on a fair and equitable basis.

### **Item 13 – Review of Accounts**

Each Fund's portfolio and investments are under continuous review by Perry Creek's Principals and investment personnel and include review of investment performance, valuation changes, market developments, adherence to investment guidelines and strategies, risk analysis and monthly reporting.

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

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

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

### **Item 15 – Custody**

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

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

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

To the extent that the Adviser's investments involve securities that are certificated, but also are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering and (ii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer, the Adviser will maintain such certificates with a qualified custodian or otherwise rely on the provisions of the August 1, 2013 IM Guidance Update issued by the SEC's Division of Investment Management which provides that certain certificated, privately-offered securities are

no longer required to be maintained with a qualified custodian.

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

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

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

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

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

Perry Creek will vote any proxies received in the best interests of each Fund and in accordance with any procedures described to Limited Partners. Prior to voting any proxies with respect to each Fund, Perry Creek will review the applicable proxy solicitation materials for potential conflicts of interest. If a conflict is identified, Perry Creek will determine whether the conflict is material. If no material conflict is identified pursuant to these procedures, Perry Creek will vote such proxy in accordance with the best interests of each Fund.

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

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

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

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