

NORTHWEST ADV PART 2

Item 1 **Cover Page**

This is the brochure of:

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This brochure provides information about the qualifications and business practices of Northwest Investment Management (Hong Kong) Ltd. If you have any questions about the contents of this brochure, please contact us on 852 3657 5600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Northwest Investment Management (Hong Kong) Ltd is also available on the SEC's website at www.adviserinfo.sec.gov.

Please note that an investment in one of our funds can only be made on the basis of the fund's Offering Memorandum and the information contained therein.

Item 2 **Material Changes**

There have been no material changes to this brochure from the last update.

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Item 4 Advisory Business

Although the structure, ownership and location of the business has gone through various permutations, the original Northwest business was founded by George Philips and David Rogers in 1998 who have both been continually involved in managing the Northwest range of funds since that date. Both are (more than) 25% shareholders.

We provide discretionary fund management services to investment funds, with assets under management as of 2 March 2015 of US\$698m. Typically we manage offshore open-ended investment companies with the investment strategy designed and marketed by ourselves. Generally we do not look to provide individual tailored services although we have had such arrangements from time to time.

Item 5 Fees and Compensation

The normal fee for our services, charged directly to the fund, is a 2% management fee collected monthly and a 20% performance fee collected annually on a high water-mark basis. For larger investors (minimum investment \$50m or more) share classes exist with better terms including lower fee rates and a hurdle rate for performance fee. The full details are shown in the funds' Offering Memoranda. Fees are not generally negotiable though reductions have been agreed with certain early, large or locked-in investors.

The funds are also responsible for paying all of their own costs including directors fees and insurance, administration, accounting, auditing, legal as well as investment related costs such as brokerage charges, custody fees and so on. In addition we recharge certain research and market data costs (e.g. Bloomberg) to the funds on a proportional basis.

Item 6 Performance Fees and Side by Side Management

All of our funds charge performance fees except Class T of Northwest Feilong Fund. As this Fund has a different investment strategy and geographical focus, fund managers have no incentive to favour one fund over another.

Item 7 Types of Clients

We manage four offshore open-ended investment companies and one onshore investment fund.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Northwest's funds carry out complex investment strategies involving the relative value of securities and their derivatives, leverage and short-selling. Methods of analysis comprise fundamental analysis of equity values, quantitative evaluation of corporate derivatives and of capital structures. All Northwest's funds are Asian focused and often trade through synthetic products. Most of Northwest's funds are market neutral and hedge, in so far as is practicable, credit, foreign exchange (except RMB and HKD) and interest rate risks. The principal market risks faced by the products concern the relative cheapness of derivatives and the relative value of

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equities. Other risks come from exposure to bank and broker/dealer counterparties and the inherently complex structure of the funds' activities.

The funds' Offering Memoranda describe the strategies and risks in fuller detail. They are only suitable for persons advised by investment industry professionals and who can bear the risk of losses from following the above strategies.

Item 9 Disciplinary Information

There are no disciplinary matters involving Northwest or its staff.

Item 10 Other Financial Industry Activities and Affiliations

Northwest Eureka Fund (G.P.) L.L.C., being a general partner of an investment fund we manage, is under the control of George Philips, David Rogers, Andrew Higgins, Tanvir Belal and Mark Smith who are principals of Northwest Investment Management (Hong Kong) Ltd.

Item 11 Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.

The firm's code of ethics follows the SEC's requirement:

- All Supervised Persons (Directors, Officers and persons with investment responsibility) must respect their fiduciary duties to client's and others including, as a minimum, complying with all the principles stated above.
- All Supervised Persons must comply with applicable US Securities Laws.
- All Access Persons (Directors and persons with access to dealing intentions) must report securities transactions and holdings to the Compliance Officer.
- All Supervised Persons must report all violations of the above principles and ethics promptly to the Compliance Officer.
- We will provide a copy of the code of ethics to any client or prospective client upon request.

Neither Northwest nor any staff member transacts with any fund at any time, and staff would normally not be permitted to invest in any securities suitable for investment by the funds. In any other case, the firm adopts the following PA Dealing procedures:

- Staff personal deals require pre-approval by a separate portfolio manager and the Compliance Officer.
- Deals will not be approved if the securities are suitable for investment by the funds
- Deals in IPO and other scarce transactions will not be approved if suitable for a client portfolio.
- Positions should be held for 30 days minimum other than in extremis.
- Copy contract notes and statements are required to be filed with Northwest.

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Item 12 Brokerage Practices

Northwest does not receive any soft dollar services or compensation.

The factors Northwest uses in determining which broker to place orders with are:

- Ability to execute in certain markets (e.g. China QFII)
- Cost of execution (commission and/or spread)
- Effectiveness of execution (speed, reliability, and ability to execute related legs simultaneously)
- Degree of overall service (consistency of presence in market, trade idea generation)

Commission (or spread) reasonableness is assessed by constant comparison to that offered by competing brokers.

A broker who initiates an idea taken up by Northwest would expect the trade to be executed through them, but we will still ensure the commission rate or spread is appropriate.

Item 13 Review of Accounts

The funds are reviewed on a continual basis by the Chief Investment Officer and are subject to the overall supervision of the Chief Executive Officer. Investor reporting comprises weekly performance estimates (by email) and a monthly investment report giving full return attribution and commentary.

Item 14 Client Referrals and Other Compensation

Northwest receives no compensation for fund management services other than the fees charged to funds. Northwest receives no soft dollar compensation.

Item 15 Custody

Northwest does not have custody of client assets.

Item 16 Investment Discretion

Northwest has full investment discretion over the funds it manages, as provided in the Investment Management/Advisory Agreement entered into by the parties.

Item 17 Voting Client Securities

For the offshore investment funds, Northwest votes fund securities, where applicable, in line with its evaluation of the most economically attractive outcome for the fund in question. Clients may request the details of securities voted. For the onshore investment fund, a proxy voting agent has been appointed.

Item 18 Financial Information

Northwest is not required to disclose financial information.