



NORTHWEST PASSAGE

CAPITAL ADVISORS

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March 29, 2019

This brochure provides information about the qualifications and business practices of Northwest Passage Capital Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 414.755.0461. 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.

Additional information about Northwest Passage Capital Advisors LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that registration as an investment adviser with the SEC does not imply any certain level of skill, training or ability with respect to the provision of investment advisory services.

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Item 2 - Material Changes

As part of the annual update, Northwest Passage Capital Advisors LLC (“NWP”) has updated our brochure dated March 29, 2018 to reflect the following changes some or all of which may be considered material to clients:

- Item 4: The number of owners of NWP has changed from five owners to four owners due to an LLC member’s forfeited profit interests in NWP.
- Item 5: The secondary pricing source has been changed to Thomson Reuters Pricing Source (“TRPS”). Previously, NWP used Bloomberg Valuation Service (“BVAL”) as the secondary pricing source.
- Item 7: Disclosure has been added that an account minimum of at least \$20 million is required to open and maintain a separately managed account.
- Item 8: Disclosure has been added that provides more detail regarding NWP’s investment process.

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Item 4 - Advisory Business

Northwest Passage Capital Advisors LLC (“NWP”) is a Delaware limited liability company and is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). NWP is owned by four members. The managing member, Jefferson V. DeAngelis, is the principal owner. NWP was founded in 2013 and is located in Milwaukee, Wisconsin.

NWP provides asset management services in emerging market debt. An Investment Management Agreement (“IMA”) is created between NWP and the client to outline the parameters of the services to be provided. Included in this agreement may be Investment Guidelines outlining any client restrictions on investing in certain securities or types of securities. As of December 31, 2018, NWP managed \$1,001,157,230 in assets for two institutional clients on a discretionary basis.

NWP specializes in emerging market debt. We are a focused institutional money manager experienced in fixed income, FX and global macro investing. Our mission is to guide our clients through the current period of low interest rates by seeking out new sources of fixed-income return. NWP invests primarily in debt instruments issued by sovereign and quasi-sovereign issuers and denominated in U.S. Dollars.

With a deep background in the investment industry, our team has an understanding of the investment needs of life insurers, pension funds, endowments and other investment fiduciaries confronting the challenges of long-duration liabilities, low interest rates and restricted investment mandates. As an institutional-only adviser, we offer the flexibility to adapt our services to the specific operational, regulatory, compliance and risk management needs of our clients.

Item 5 - Fees and Compensation

General Fee Information

NWP charges an investment management fee of 0.42% per annum on the value of the client’s assets under management. Management fees are sometimes negotiable, depending on the type of account, relationship, if any, to other accounts managed by NWP, the size of the account, the level of client service required, potential growth and other factors NWP considers relevant. The management fee is set forth in detail in the IMA established between NWP and the client.

Investment management fees are charged on a quarterly basis in arrears. Clients are billed for these fees immediately following the calendar quarter and payment is expected no later than thirty days after the end of each calendar quarter.

Clients separately incur custody, brokerage and transactions costs in addition to management fees. Please see **Item 12 - Brokerage Practices** for more information.

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Valuation Practices

NWP uses pricing information provided by International Data Corporation (“IDC”) as NWP’s Primary Pricing Source and Thomson Reuters Pricing Service (“TRPS”) as the Secondary Pricing Source to value client portfolios. Market values are also used to calculate assets under management and investment performance. If a price is not available from either the Primary or Secondary Pricing Source, the security will be valued by NWP in accordance with the firm’s Portfolio Valuation Policy.

There are inherent conflicts of interest when valuing client accounts, as higher security prices increase market values, thereby enhancing performance results and increasing fees.

In addition, because clients may pay different fees based on differing fee schedules or the size of the account, there is an incentive to favor those accounts where the highest fees are earned. NWP maintains investment, trade allocation and portfolio valuation policies and procedures to address such conflicts of interest.

Item 6 - Performance-Based Fees and Side-By-Side Management

NWP does not offer performance-based fee accounts.

Item 7 - Types of Clients

NWP offers investment management services to institutional investors only. This includes but is not limited to business entities, charitable organizations, corporations, endowments, foundations, governmental entities, insurance companies, pension and profit sharing plans and trusts. NWP generally requires that a client invest at least \$20 million to open and maintain a separately managed account.

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

NWP’s investment process is structured to identify relative value opportunities within the emerging market debt universe. We combine our judgment with a systematic framework to select issuers and securities most desirable from a risk/reward perspective and aligned with client objectives and risk parameters to build portfolios which have high-conviction credit views and measured risks with the aim to fully capture exposure to the asset class while delivering repeatable performance.

The first phase of NWP’s investment process is narrowing down suitable opportunities within emerging market debt. We begin pre-screening issuers by applying our judgment and years of experience with the asset class. Client goals and objectives are

reviewed and considered in paring down potential investments.

Having narrowed the investable universe, NWP applies a systematic relative value framework to compare sovereign credit fundamentals. To construct a picture of sovereign creditworthiness and relative value, we collect and analyze macroeconomic data from both a country level and global market perspective. Regarding creditworthiness, we examine five key factors: external position, economic outlook, structural footing, fiscal capacity and governance quality. NWP weighs these factors as part of our relative value framework to model credit ratings and spread levels. The framework's output highlights which countries appear overvalued or undervalued versus the market. This output serves as the starting point for our preliminary investment thesis guiding subsequent discussions and research efforts.

After identifying potential target countries for asset allocation, NWP investigates possible entry points; either investing directly in the sovereign or through a quasi-sovereign entity (>50% government ownership), depending on our assessment of the credit risk and valuation. When researching sovereign issuers, our focus is on assessing the issuer's creditworthiness and recognizing the challenges in evaluating a country's political willingness to pay. Meanwhile, when evaluating quasi-sovereigns, we apply more conventional credit research analysis using the following criteria: relative value, government support, company fundamentals, sector comparables and debt structure.

NWP then constructs portfolios with the objective of adding holdings to achieve overall targets for portfolio characteristics and risks. These active targets, while benchmark aware, reflect our outlooks on duration, yield curves and foreign exchange rates.

Portfolio risk measures are calculated daily and reviewed weekly to ensure consistency with the overall investment strategy. Given the dynamic nature of emerging markets, we continuously monitor economic and political developments for a continuously updated perspective of the world, allowing us to assess current trends which either support or rebut our outlook. These efforts allow the Senior Portfolio Manager and Investment Team to revisit and evaluate existing and potential investments based on the most up-to-date information. NWP's day-to-day buy/sell discipline revolves around changes in valuation or credit consistent with our investment philosophy, strategy and outlook. A sell recommendation can be triggered through our ongoing assessment of relative value based on a security moving from under- to overvalued in our systematic model. Additionally, a deterioration in the credit quality or perceived ability and willingness to pay can trigger a sale based on the CIO's assessment of portfolio risk. Ongoing risk management of portfolio holdings helps ensure consistency with our investment strategy.

Investing in securities and other financial instruments involves risks that clients should be prepared to bear, including the risk of loss of capital. Risks will vary based

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on an account's strategy and specific investments held, in addition to general systemic risk. An account may underperform the market, its benchmark, other investments or client/management's expectations for many reasons, including the following:

- *Business Risk*: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Credit Risk*: Excessive borrowing to finance a debt issuer's operations increases the risk to profitability because the company must meet the terms of its obligations in good times and bad. The inability to meet loan obligations may result in bankruptcy and/or a declining market value of the issuer.
- *Currency Risk*: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country and vice versa. This is also referred to as exchange-rate risk.
- *Emerging Markets Risk*: The risks associated with investing in global securities are typically greater in emerging markets. For example, there is a greater risk of instability due to the changing political, legal, governmental, social and economic structure common in these countries. In addition, there may be risks associated with trading emerging market securities due to limited trading volume and/or clearance and settlement issues. Finally, there may also be risks associated with access to relevant, timely and accurate information related to investments in emerging market securities.
- *Interest-rate Risk*: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Inflation Risk*: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Liquidity Risk*: Due to the nature of emerging market fixed-income investments, some may have limited liquidity. Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product.
- *Market Risk*: The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For

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example, political, economic and social conditions both domestically and internationally may trigger market events.

- *Reinvestment Risk*. This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed-income securities.

Item 9 - Disciplinary Information

NWP and its employees have not been involved in any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 - Other Financial Industry Activities and Affiliations

NWP is an independent, employee-owned investment adviser. We are not affiliated with any other financial services firms.

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

Standards of Conduct

NWP has adopted a written Code of Ethics and Personal Trading Policy ("Code") that obligates NWP, its members, officers and employees (collectively "employees") to put the interests of its clients before its own interests and to act honestly and fairly in all respects in their dealing with clients. All employees are required to comply with applicable federal securities laws. A copy of the Code will be provided to any client or potential client upon request.

As a fiduciary, NWP has a duty of utmost good faith to act solely in the best interests of each of its clients. In meeting this obligation, NWP and its employees must strive to avoid, manage and/or disclose potential, apparent or actual conflicts of interest and act with the utmost integrity in all client dealings.

NWP's Code outlines the standards of conduct expected of employees and includes limitations on personal trading, giving and accepting gifts, serving as a director or trustee for an external organization and engaging in outside business activities. In addition, employees are prohibited from using inside information to trade in personal accounts or on behalf of clients.

Employees are required to report promptly any violation of the Code (including the discovery of any violation or suspected violation committed by another employee) to

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NWP's Chief Compliance Officer ("CCO").

Personal Trading

The Code requires employees to conduct personal securities transactions in a manner that does not interfere with transactions on behalf of NWP's clients and does not take inappropriate advantage of their positions and access to information that comes with such positions. As such, employees are required to pre-clear certain transactions with the CCO. In addition, the Code prohibits employees from investing in any security held in a client account and emerging market debt securities. Further, the Code requires all employees to submit personal security holdings reports initially upon employment and on an annual basis thereafter. Finally, all employees are required to report personal transactions to the CCO on a quarterly basis.

Item 12 - Brokerage Practices

The following is an overview of NWP's brokerage and trading practices, policies and procedures.

Selection of Broker-Dealers and Best Execution

NWP utilizes traditional broker-dealers and electronic trading platforms to execute trades on clients' behalf. NWP considers many factors in selecting broker-dealers, including, but not limited to:

- Ability to locate liquidity;
- Inventory of fixed-income securities;
- New issue supply or underwriting;
- Knowledge of and dominance in specific markets, securities and industries;
- Price;
- Participation in bid/want lists;
- Quality of execution;
- Financial condition, reputation and integrity of the firm;
- Research services provided; and
- Acceptable record keeping, administrative and settlement functions.

NWP maintains a list of broker-dealers that are approved to execute security transactions on behalf of clients ("Broker List"). Prior to using a broker-dealer, the broker-dealer must be approved by the Chief Investment Officer ("CIO") and added to the Broker List. The Broker List is regularly monitored by the CIO, Senior Portfolio Manager and Research Director and is formally reviewed annually. Receipt of products or services other than brokerage or research shall not be a factor in including a broker-dealer on the Broker List or in allocating transactions to any particular broker-dealer.

It is NWP's policy to seek "best execution" in security transactions for each client. In

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the context of fixed-income securities, NWP defines best execution as the duty to determine and evaluate the circumstances under which the overall value of investment decisions for its clients with respect to those securities will be maximized. In light of the special characteristics of the fixed-income markets, best execution is not evaluated on a transaction-by-transaction basis, but on an overall basis over an extended period of time.

Soft Dollars

While NWP does not expect to use soft dollars, given its focus of investing in fixed-income securities only, it is NWP's policy to operate within the safe harbor of Section 28(e) when using client funds to pay for services that assist the firm in its management of client accounts.

For example, NWP may receive research services from broker-dealers in connection with its purchase of new issues of fixed-income securities, or it may engage a broker-dealer to act as agent (for which such broker-dealer will be paid a commission) in purchasing fixed-income securities for client accounts. NWP also may receive research services from broker-dealers in connection with certain eligible riskless principal transactions in which both the purchase and offsetting sale transaction are executed by the broker-dealer at the same price, and such price is disclosed on a confirmation that also fully discloses the remuneration to the broker-dealer for effecting the transaction.

In such instances, the following guidelines shall be observed:

- NWP shall not engage in pre-arranged soft dollar arrangements, which are formal arrangements where NWP specifically directs portfolio brokerage to a broker-dealer in return for brokerage or research services that NWP may use in making investment decisions for its clients.
- NWP, however, may receive the benefit of research services provided by broker-dealers, such as invitations to conferences, meetings with company management or general research.
- To the extent that NWP uses client transactions to obtain research or other products or services that NWP could otherwise purchase for cash, NWP receives a benefit because we do not have to produce or pay for such research, products or services.
- While NWP may consider research services provided in allocating brokerage to a specific broker-dealer, as a practical matter, NWP allocates brokerage based on execution quality and other related services.
- Research received in connection with soft dollar arrangements will not be used solely for the accounts included in trades with the broker-dealer, but will generally be used in managing all client accounts.

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Client Directed Brokerage

NWP does not anticipate entering into arrangements where clients require NWP to direct transactions in their accounts to a particular broker-dealer (“directed brokerage arrangements”). Should a client request that NWP direct brokerage to a particular broker-dealer, the client may not receive best execution on such transactions and the brokerage/transaction costs may be higher than what other clients pay who do not direct us to use a particular broker-dealer.

Trade Aggregation and Allocation

When appropriate, NWP will aggregate contemporaneous buy and sell orders for accounts over which it has discretionary authority (a practice also known as bunching trades or block transactions). This practice may enable NWP to obtain more favorable execution, including better pricing and enhanced investment opportunities, than would otherwise be available if orders were not aggregated. Using block transactions may also assist NWP in potentially avoiding an adverse effect on the price of a debt obligation that could result from simultaneously placing a number of separate, successive or competing, client orders.

NWP determines whether to use block transactions for a client in its sole discretion and subject to its duty of best execution. NWP will aggregate client trade orders only when NWP deems it to be appropriate and in the best interests of the client, consistent with the client’s investment objectives and permitted by regulatory requirements.

NWP establishes and maintains account groupings for managing client portfolios/accounts (“Account Groupings”). Portfolios are grouped into Account Groupings based on similar objectives, risk parameters and strategies. In general, investment opportunities shall be made available to all portfolios: (1) that are eligible to participate; and (2) where such investment opportunities are deemed to be appropriate for the specific portfolio. The investment team shall be responsible for making these determinations and strives to manage portfolios in a fair and equitable manner. Investment opportunities shall be allocated based primarily upon the merits of the investment opportunity and the investment objectives, restrictions or styles of the client accounts.

Trades are allocated to portfolios pre-trade on a pro rata basis. If an aggregated order is filled (full or partial fill) at several prices through multiple trades, an average price will be calculated for all trades executed for the aggregated order and all participants in the aggregated order will receive the average price. As a result, the price received by the client may be higher or lower than the price the client may have received had the transaction been effected for the client independently from the block transaction. In addition, a client’s transaction costs may vary depending upon, among other things, the type of security bought or sold and the markup or markdown charged by the executing broker. Only trades executed on a single day may be combined for purposes of calculating the average price. Partial fills may be allocated on a pro rata basis, subject to rounding and reasonable efforts to minimize trading costs.

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Under certain circumstances, NWP may deviate from the policy described above with the approval of the CIO and CCO, if the standard method of aggregating and allocating trades as described in this policy would result in unfair or inequitable treatment to some or all of its clients. The following are examples of such circumstances: pro-rata allocation results in a *de minimis* number of bonds; extreme market volatility; cash limitations or excess cash; client specific investment restrictions; client's tax status; client direction or requirement to raise cash in the account; maturity and duration considerations; the liquidity of the position size; and common sense and equitable adjustments.

Cross Transactions

NWP does not engage in cross transactions between client accounts.

Trade Errors

It is NWP's policy for clients to be made whole following a trade error. If an error results in a loss, NWP will make the client whole and absorb the loss. If an error results in a gain, the client shall keep the gain. Trade errors are reviewed by the CIO and CCO. In addition, we maintain trade error policies and procedures.

Item 13 - Review of Accounts

NWP performs reviews of client accounts at least monthly. Such reviews are typically conducted by members of the investment team including the CIO, the Senior Portfolio Manager, the Research Director and the Investment Analyst.

In addition, NWP's investment team reviews accounts at such times as it deems appropriate or when the results of certain meetings or reviews indicate that additional investigation is warranted. Other conditions that may trigger a review are changes in market conditions and new information about the companies and countries that we invest in.

Clients receive written monthly reports showing performance data and such other information or reports as may be required by the relevant client account's governing documents along with periodic commentary regarding general market conditions and any impact on performance. NWP will furnish any additional or supplemental reports a client may reasonably request.

Item 14 - Client Referrals and Other Compensation

NWP does not compensate any unrelated, third parties for client referrals nor does NWP accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them. However, NWP does provide incentive compensation to certain of its owner/members for bringing new clients to the firm.

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Such payments are made at NWP's expense and do not result in any additional fee to advisory clients.

In addition, NWP has entered into a revenue sharing agreement with The Northwestern Mutual Life Insurance Company ("Northwestern Mutual"), pursuant to which NWP shares with Northwestern Mutual revenues it receives for managing third-party client accounts (i.e., accounts which are unaffiliated with Northwestern Mutual). NWP entered into this agreement with Northwestern Mutual at the time NWP was founded in consideration of the latter's agreement to engage NWP to manage certain of its assets. Northwestern Mutual does not solicit client accounts for NWP, nor otherwise engage in any services on behalf of NWP.

Item 15 - Custody

NWP does not maintain, and will not accept, custody of client funds or securities, and has policies and procedures in place to provide reasonable assurance that we do not inadvertently obtain custody over client assets. In addition, NWP is not involved in the process by which a client selects its custodian and has no involvement in a client's negotiation of its custodial arrangements. Clients will receive statements directly from their custodians at least monthly.

As a provision of the IMA's entered into between NWP and its client, NWP agrees to provide the client with periodic account reports, typically on a monthly basis. NWP encourages its clients to compare the periodic reports they receive from NWP to the applicable statements they receive from their qualified custodians.

Item 16 - Investment Discretion

NWP accepts responsibility for management of a client account on a discretionary or non-discretionary basis and each client enters into an IMA with NWP setting forth the scope of NWP's discretion and authority. A client may, with NWP's consent, impose limited restrictions on investment in certain securities or types of securities in its account.

Item 17 - Voting Client Securities

The IMA between NWP and the client governs the responsibility for voting proxies within client accounts. Because NWP primarily trades fixed-income securities, it is very rare for NWP to receive a proxy in which to vote. However, NWP does maintain a Proxy Voting Policy, a copy of which is available upon request.

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NWP will accept authority to vote client securities as outlined in the IMA executed between NWP and the client. To the extent NWP has been delegated proxy voting authority, NWP complies with proxy voting policies and procedures that are designed to ensure that such proxies are voted in the best interest of its clients. NWP will consider management's assertions regarding a proxy proposal and consider how the proxy proposal will impact its clients. The Proxy Voting Policy addresses how NWP generally intends to vote proxies (or what factors it will take into consideration) when voting on particular types of issues, such as business operations, non-salary compensation plans and mergers and acquisitions.

NWP may encounter a material conflict in voting client proxies. Unless a client requests otherwise, NWP will take one of the following actions to ensure the proxy voting decision is based on the client's best interests and is not a result of the conflict:

- Engage an independent party to determine how to vote the proxy.
- Prepare a report that (i) describes the conflict of interest; (ii) discusses procedures used to address such conflict of interest; (iii) discloses any contacts from outside parties (other than routine communications from proxy solicitors) regarding the proposal; and (iv) confirms the recommendation was made solely on the investment merits and without regard to any other consideration.
- Refer the proxy to a client or to a representative of the client for voting purposes.
- Disclose the conflict to the affected clients and seek their consent to vote the proxy prior to casting the vote.
- Vote in accordance with a pre-determined voting policy, as disclosed to clients.

NWP will provide a copy of its entire Proxy Voting Policy and NWP's proxy voting record with respect to a client's account to that client or its representatives upon the client's request.

Item 18 - Financial Information

NWP does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients nor has NWP been the subject of a bankruptcy petition at any time during the past ten years. A balance sheet is not required to be provided because we do not require prepayment of fees.