

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



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This brochure provides information about the qualifications and business practices of Equilibrium Capital Investment Management, LLC (hereinafter “ECIM” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at 971-352-8430 or at [campbell@eq-cap.com](mailto:campbell@eq-cap.com). 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 ECIM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Equilibrium Capital Investment Management, LLC is 182520.

## ITEM 2. MATERIAL CHANGES

This Firm Brochure, dated 03/23/2018, was updated to provide information that is different from or supplemental to information ECIM provided in our previous annual update, which was filed 03/28/2017. The brochure from that update was dated 03/28/2017.

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## ITEM 4. ADVISORY BUSINESS

**Who we are.** Equilibrium Capital Investment Management, LLC (“ECIM”) is an SEC-registered investment adviser with its principal place of business in Portland, Oregon. (ECIM’s registration with the SEC does not imply any particular level of skill or training by our firm or employees or that the SEC has endorsed our respective qualifications to provide investment advisory services.)

ECIM has been in business since 2015 and our parent company, Equilibrium Capital Group, LLC, has been in business since 2007. ECIM is wholly-owned by Equilibrium Capital Group, LLC. Equilibrium Capital Group, LLC and its affiliates (collectively “Equilibrium”) provide a global asset management platform of sustainability-driven real assets and resource management strategies. We are part of Equilibrium. Sustainability is at our core.

**What services we offer.** We offer advisory services solely to Equilibrium entities who need registered investment advisor management services. Those entities are typically funds, and may also be companies, project pools, or multi-strategy collections of such pools related to that platform (collectively, “our clients”). For our clients, we perform in-depth due diligence regarding investments, investment structures, prices, and purchases and sales in client portfolios and provide strategic operating and financial advice.

**How we tailor our services.** Our advisory and other support services are supplied consistently with the investment thesis, underwriting standards, investment objectives, and goals of our client.

**Wrap Fee Accounts.** We don’t provide wrap fee programs.

**Assets we Manage.** As of December 31, 2017, we advise a total of approximately \$173M in assets. All of it is on a discretionary basis. The decisions about what gets bought, and sold, are in all cases in the hands of our client-specific investment committee, which is typically named in the client’s offering documents.

**IMPORTANT ADDITIONAL CONSIDERATIONS:** Our clients are the Equilibrium entities – not their investors. Investors in Equilibrium entities, such as funds or project pools or companies, should look to the detailed information provided in each Fund’s offering and organizational documents, and be aware of the substantial risks associated with investment as well as the terms applicable to such investment. This and other detailed information are provided in the appropriate Fund offering and organizational documents.

## ITEM 5. FEES AND COMPENSATION

**ECIM’s Fees:** ECIM clients generally pay ECIM or its affiliates a management fee or other fees, which will be calculated as provided in the client’s own governing documents and will be fully disclosed to our clients’ investors. Our parent or its other affiliates will at times also directly or indirectly participate in the clients’ business. There are several forms that participation may take, and it may include elements that are the same as, and elements subordinated to, the returns of other investors. The management or other fees are paid directly from each client in accordance with the operating or partnership agreements and investment advisory agreements between ECIM and the general partner or managing member of each of our clients. (Item 6 provides more information about performance-based fees, and Item 10 provides more information about our private investment funds.)

Our fees vary from client to client and are subject to agreement with the client in each case.

**How we are paid.** We are paid our management fee according to an approved schedule provided for in our agreement with our clients. Typically, we are entitled to draw the fee quarterly in advance from client funds. Other fees are paid as provided for in client organizational documentation, as disclosed to our clients' investors.

**Other fees and reimbursements.** We also collect reimbursement for outlays our clients are responsible for, through billings. In all cases, the types of expenses clients will reimburse (or pay directly) are agreed with the client. For example, each may pay costs such as placement fees, due diligence fees, legal fees, data fees, tax preparation fees, audit fees, insurance, transfer and other taxes.

**Advance payments.** Typically, our management fees are paid quarterly in advance. Provisions for partial quarter payments at end-of-agreement or start-of-agreements are provided in the client agreements. Likewise, provisions for certain other expenses (for example, reimbursable travel, meeting expenses, or the like) are at times advanced to us by clients, in all cases to be reconciled to actual promptly following the expenditure if a variance occurs.

**Commissions or other Transaction-Dependent Remuneration.** ECIM is paid no commissions, nor does it receive any remuneration when our clients purchase or sell assets (except when it participates in the client's overall success through equity in the client.)

Equilibrium (not ECIM) more generally may offer M&A or transactional services with respect to client asset sales or client overall liquidity, for which commissions or transaction fees will be paid. The particular configuration of services and payment may give rise to the potential for conflicts of interest, and ECIM has in place strict requirements for full disclosure in these cases.

#### **GENERAL INFORMATION:**

**Advisory Fees in General:** ECIM believes that its fees are competitive with the fees charged by other investment advisers for comparable services. However, comparable services may be available from other sources for lower fees than those charged by ECIM.

The receipt of performance-based fees may result in a conflict of interest. For example, ECIM and/or its affiliates may have an incentive to favor clients that pay a performance-based fee over clients that do not pay a performance-based fee.

The potential for conflict is typically indirect, as ECIM typically does not charge performance-based fees; such fees are, though, paid to other Equilibrium affiliates.

Where such conflicts arise, they are managed through stated priorities. For example, in the case of serial clients on the same strategy (Fund I, Fund II), earlier funds with un-deployed capital have priority over later funds. In general, ECIM and its affiliates resolve this potential conflict by allocating investment opportunities among the clients on a fair and equitable basis, as determined in accordance with an investment allocation policy.

**Investments in Funds:** The General Partner or managing member for clients is generally expected to be affiliated with ECIM through common ownership and control as well as shared executive officers. The General Partner or Managing Member of each client will generally participate in the client's investments by investing directly into the client.

**Co-Investments:** From time to time, ECIM or a Fund's managing member or General Partner will make co-investment opportunities available to investors in clients, and their affiliates, as appropriate and in the best interest of the client.

Allocation of such opportunities creates a conflict of interest among the investors, as they are, by nature, limited and participation is not possible for all or even most investors in the Funds. As such, ECIM must determine which investors will be given the opportunity to co-invest and which will not. ECIM will make such determinations in the client's best interests and in accordance with the client's stated policies or negotiated agreements with investors.

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

As we disclosed in Item 5 of this Brochure, ECIM's clients' General Partner or Managing Member are affiliated with ECIM through common ownership and control. They may receive performance-based compensation or simply benefit from upside gain, through carried interest or founders' interests in the client entity, or otherwise.

Investors in ECIM's clients and prospective investors in any new client launched by Equilibrium should note that performance-based profits interest, in some contexts, can create an incentive for an adviser such as ECIM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Equilibrium seeks to align any incentives to take risk through appropriate design of these incentives, so they match the investment thesis and share the investor risk. In general, ECIM believes its clients' investors desire decision making by risk-aligned management and strives to achieve that alignment in design of its fees. But ECIM cannot guarantee the alignment will be successful to eliminate bias.

We do not offer advisory services to clients who do not pay performance-based compensation in some form, so we do not have an incentive to favor performance-based fee accounts over non-performance-based fee accounts. We could have incentive to favor a Fund paying higher aggregate performance-based compensation than one paying less, or incentive to favor a Fund in which officers and employees of the firm and General Partner may have more of their personal assets invested. We take the following steps to address these conflicts:

1. We disclose to investors and prospective investors the existence of material conflicts of interest, including the potential for our firm and its employees to earn more compensation from some clients than others.
2. We collect, maintain and document relevant investor background information to ensure that investment in the subscribed Fund is appropriate for the investor's financial goals, objectives and risk tolerance and that the investor is qualified to invest.
3. We typically expect to have substantially (though not necessarily entirely) completed the investment phase for one client's resources before investing from a subsequent client Fund with similar investment goals and objectives.
4. With respect to client vehicles managed in parallel and those other limited situations where an "add-on" or other investment may be appropriate for more than one of the currently-investing vehicles, we have implemented written policies and procedures for fair and consistent allocation of investment opportunities among the clients. In addition, we will expect to follow the client's commitments in allocating co-investment or parallel opportunities (if any arise) among the client's investing members/ limited partners.
5. We will periodically compare holdings and performance of Funds with similar strategies, both for our own performance review, and to detect any significant performance disparities indicative of possible favorable treatment.

6. With respect to cross-client investments, where guidelines are not provided in the client's governing documents, the members of the client's investment committee will seek the consent of the applicable Funds' investor advisory committees to the transaction.
7. We also educate the Equilibrium teams supplying services through ECIM regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations.

## ITEM 7. TYPES OF CLIENTS

We provide investment management services to Equilibrium-affiliated clients that operate as private funds, companies, project pools, or project finance. See Item 4 of this Brochure. Although Equilibrium does sponsor pilot and other smaller funds, ECIM typically advises only institutional-scale funds, namely those anticipated to secure at least \$100 million in outside investor capital.

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

**Methods of Analysis and Strategies Used in Formulating Investment Advice.** ECIM advises Equilibrium-affiliated clients. Typically, those clients are capital pools (funds, companies, project pools, or others) who have emerged from a four- phase investment process. Basically those phases are as follows:

- Phase 1: Strategy Research. Intended Result: Investment hypothesis, frame for market robustness and sustainability thesis.
- Phase 2: Strategy Development. Intended Result: Clear sustainability and investment thesis & returns model; financial model in place, core team recruited, diligence performed.
- Phase 3: Product Development. Intended Result: PPM, Data Room, aligned structure and economics, pre-close asset pipeline, offtake and other partnerships developed, implementation of administrative and compliance standards, framing and design of back-end standards and processes.
- Phase 4: Capital Formation. Intended Result: Solutions for Equilibrium investors; investable capital, operational investor/operator solution results in operational implementation of new client design.

Because of the nature of this process, ECIM has a wealth of material to draw upon. Strategy and product development yield underwriting standards, key analytical methods for the asset types involved, and risk management strategies to be deployed, which ECIM oversees in practice. Capital formation process identifies both general and specific reporting requirements, which ECIM oversees.

These processes help manage risk, but **investing** in anything – real assets, securities, or anything else – **involves risk of loss**, that will be **borne by our clients, and ultimately by our clients' investors**.

As adviser to the Funds, our firm primarily, though not exclusively, invests in real assets. As such, traditional securities analysis is not possible when formulating investment recommendations. Instead, we rely on a robust due diligence process on prospective assets in determining which to invest in on behalf of the Funds.

ECIM employs a disciplined investment process in evaluating potential investments and performs appropriate analysis of the historical and prospective performance of potential portfolio assets. Our due diligence investigation includes: a) Potential for sustainable innovation to drive returns, including profit enhancement potential from operation for long term productivity; building resilience; identifying and improving resource inefficiencies; appropriate scale potential; and robust human factors reinforcing the thesis. b) Financial analysis on projected cash flows to match client underwriting standards for current income potential, project IRR, and capital return schedule. c) Client-appropriate risk (technological, contractual, physical, regulatory.) d) Developer/operator capability to operate the asset meeting client criteria. e) Top-down industry, market, and financial conditions analysis, coupled with bottom-up technical and feasibility analysis based on third party and in-house study. f) Confirmation of appropriate transaction structuring and documentation. The due diligence process is designed to verify the asset's suitability for our investment thesis.

Our due diligence process ensures that each deal team benefits from the experience of our senior management and from additional ECIM colleagues who have devoted substantial portions of their careers to the business activity in which the prospective investment is engaged. In addition, ECIM and its affiliates have built a network of lawyers, accountants, information technology and due diligence professionals and consultants with expertise in the real assets sector, who work in tandem with ECIM to advise on certain strategies from time to time.

#### **Risks of Long-Term Investing in Real Assets.**

- *End market risk:* One of the primary risks of real assets investing is that all real assets get used to supply something into consumer or industrial markets. Examples: Living space (green buildings). Food (agriculture). Energy (renewable energy). Water (waste and water processing). In general, our client funds or vehicles act directly or indirectly as investor-operators, which means they (and their investors) take operating risk, and so are exposed to those end markets. Our analysis of those markets may be wrong– and if so, it may lead us to mis-price acquisitions, with the result that we overpay or are unsuccessful in competing for the assets.
- *Environmental and Social Risk:* For ECIM, sustainability is fundamentally about managing assets better to achieve long-term, resilient, integrated, scaleable, people-centered results, in ways that avoid, mitigate, or manage environmental and social risk and that get these risk factors contributing to value instead. In some strategies (sustainable farming, for example) core risks have been known for millennia – drought/flood, soil, markets, labor, transport, seed, energy, pests and disease. Today with the profound effects of climate change, traditional historical diligence on these matters may often be suspect. This is opportunity for clients like ours, whose thesis includes sustainable systems discovery and improvement, but it is also danger. For example:
  1. Water supply risk exists. Mitigation strategies include using less; market strategies include participating in markets for water rights or supply. We may or may not be successful in either, and overall climate effects may overwhelm such strategies.
  2. Climate change risk exists. Mitigation strategies include acquisitions in diverse locations to minimize disproportionate effect of local variation; market strategies include participation in renewable energy sources and carbon mitigation solutions. The pace of climate change and its effects are simply not well understood; our mitigation and market strategies may be ineffective.

For management of our asset types, a knowledgeable and effective employee and supplier and customer base is a key performance enhancer. Maintaining that base involves appropriate compensation and training



policies in the immediate workforce, long-term engagement strategies in both the supply and customer value chain, and community support and engagement in the communities in which assets are located.

There is no assurance that our methods for mitigating these risks will work.

- **Operational Risk:** Real assets must be operated and managed. Even if we are right in our acquisition and disposition advice (investment portion), without effective long term operation, our sustainability-driven theses will fail.
- **Liquidity Risk:** Our clients typically acquire interests in real assets, which typically do not trade on a recognized market, but trade through private transactions. Timely liquidity is not assured. Any sale of such assets or securities will typically take some time to complete. The company, its competitors or its industry may behave in ways which were not, and in some cases, could not have been predicted, leading to significant losses and/or a lack of any attractive exit option.

In addition, as neither we nor our clients necessarily control the management of all portfolio assets or securities, the management of these investments may act in ways which are contrary to our advice and plans for their growth or profitability.

**Risks in General:** Real asset investments are not guaranteed. You may lose money on your investments. Our clients, and their investors or prospective investors, should carefully review the detailed explanation of the many risks associated with investment as provided in the appropriate offering memorandum.

## ITEM 9. DISCIPLINARY INFORMATION

We are required to disclose 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.

As of the date of this Brochure, neither our firm nor our management personnel have reportable disciplinary events to disclose.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### **Other Advisor Affiliations:**

ECIM is affiliated with the following entities under common ownership and control:

- Equilibrium Capital Services, LLC, a registered broker dealer.
- Equilibrium Capital Group Europe Limited, an appointed representative of a registered broker dealer (UK).

Two of our Management Persons are also registered under Equilibrium Capital Services, LLC. William Campbell serves as its President and as a supervisor and its Chief Compliance Officer. P. Noel Kullavanijaya serves as its CEO and as a supervisor. In addition, two of our Supervised Persons, Kevin Brennan and Matthew Curran are registered under Equilibrium Capital Services, LLC as Registered Representatives, and a third, Rebeca Ehrnrooth, is registered through a broker-dealer in the United Kingdom.

***Private Fund and General Partner Affiliations:***

ECIM provides investment advice and management to the following client.

**Affiliated Fund**

1. Wastewater Opportunity Fund, LLC

**Affiliated General Partner**

Wastewater Capital Management, LLC

ECIM and its affiliates will devote a portion of their business time and efforts to each of their clients. To the extent a conflict arises, ECIM and its affiliates will attempt to resolve such conflict in a fair and equitable manner and may consult with the advisory board of the relevant client(s), if applicable.

**ITEM 11. CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's "access persons."

Among other things, our Code of Ethics and compliance manual also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping. A copy of our Code of Ethics is available to our advisory clients and prospective clients, including investors and prospective investors in one or more of the Funds, upon request to the Chief Compliance Officer, at the firm's principal office address.

Certain employees within Equilibrium and/or management persons of ECIM have invested and may invest a portion of their personal net worth in one or more of the clients.

It is the express policy of Equilibrium that no person employed by Equilibrium may usurp an investment opportunity which may be appropriate for one or more of our clients without first presenting the opportunity to that client, or where appropriate for more than one, to several, particularly when there is limited availability for participation in the opportunity.

As these situations represent a conflict of interest, we have established the following restrictions in order to ensure its fiduciary responsibilities:

1. No officer or employee of ECIM or Equilibrium may prefer his or her own interest to that of an advisory client.
2. All access persons must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
3. Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

The Investment Advisers Act of 1940 makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any asset to, or purchase any asset from, a client without disclosing to the client in writing the capacity in which the adviser is acting and obtaining the client's consent to the transaction.

This rule may apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by the firm's owners, principals, or employees. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a principal transaction if such an account were to engage in a trade with another client account or fund. Participation levels in any one of our clients by our owners, principals or employees is limited by and disclosed in the terms of each client's governing documents and/or offering documents.

Without obtaining the consent of an Investor Advisory Committee established for each client, neither ECIM nor any other affiliated person shall engage in a principal trade with any client, (that is, a purchase from or sale of securities to a client from a proprietary or personal account), other than through side-by-side investments allowed by and provided for in the respective Limited Partnership Agreement, LLC Operating Agreement, or other comparable governing document.

## ITEM 12. BROKERAGE PRACTICES

ECIM is responsible for all parts of the investment cycle including deal sourcing and origination, investment decision-making, deal negotiation and transaction structuring, portfolio management (the act of overseeing the investments that we have made) and exit strategies. ECIM will typically make direct investments on behalf of the clients in real assets, typically held in special purpose vehicles. Rarely will a client acquire securities of publicly traded companies, except, perhaps, in connection with an acquisition principally focused on real assets.

Each direct investment is carefully structured through negotiations by persons designated by ECIM, as well as various professionals engaged by the firm to facilitate a particular deal, as appropriate. These professionals may include attorneys, accountants, consultants, information technology and due diligence professionals, among others. ECIM will use the expertise of these professionals in evaluating each deal, including negotiating the most favorable pricing and other terms for the transaction under the circumstances. Transactions in assets that are made by ECIM for clients, therefore, are generally separately negotiated deals which may or may not involve the participation of an investment bank or asset broker and would be unlikely to involve the participation of a broker-dealer (hereinafter collectively "Brokers").

The initial factor considered by ECIM in determining whether or not to work through a Broker in a transaction on behalf of a client is whether the client seeks to acquire assets or exit a position. If a Broker is involved in a client transaction involving an acquisition or other new investment, it is typically because the seller company has engaged the Broker to assist it in the deal.

Of course, each client's goal when investing is to meet or exceed its underwriting objectives for the acquired assets. That may involve a sale or "exit" of the investment for a return in excess of the price paid, or operational deployment of the asset for yield, or a combination, but sale is always a possibility. When selling a client asset, to obtain the best possible selling price and depending on the circumstances of the proposed deal, ECIM may engage a Broker to assist in the sale if ECIM determines that such third party has a broader reach than our firm alone and that engaging the third party will be in the best interests of our client.

If, consistent with our goal of seeking best execution, ECIM determines that it will engage a Broker to assist with the structuring of a transaction, such Broker will be selected based on the following, as applicable:

- expertise in the market and asset type;
- market reach and liquidity
- history of similar transactions;
- the fees and other cost associated with its services;
- its reputation;
- our past experience with the firm, including any past deal flow or ideas provided by the firm, if any;
- our anticipation of future deal flow, if any;
- willingness and ability to commit capital to complete the deal, if necessary; and
- responsiveness of staff.

As disclosed at Items 5 and 10 of this Brochure, ECIM's parent company Equilibrium Capital Group, LLC, or an affiliate such as Equilibrium Capital Services, LLC, a registered broker-dealer, may charge fees in acquisition or disposition of client assets for assistance with structuring and negotiating transactions (Transaction Fees). These fees can be negotiated or determined on a transaction by transaction basis. Clients should note that the potential for ECIM or its parent company to receive additional compensation creates a conflict of interest when selecting a party to facilitate transactions on behalf of the clients; accordingly such transactions typically require advance consent of the client's Investor Advisory Committee based on full disclosure.

ECIM does not have any formal or informal soft-dollar arrangements nor do we receive any soft-dollar benefits from any broker, dealer or other counterparty.

## ITEM 13. REVIEW OF ACCOUNTS

**Private Fund Monitoring and Reviews:** Each ECIM client is continuously monitored and reviewed by an investment committee. For clients in operation as of the date of this Brochure, the investment committees are as follows:

- Wastewater Opportunity Fund, LLC: Jay Pierrepont, Damon Yuzon, Ben Vitale, and Raimund Grube.

ECIM in contracting with Equilibrium for fulfillment of its responsibilities to clients, funds these oversight and monitoring services.

**Reports:** The clients typically commit to their investors to supply (i) audited annual reports within 90 to 120 days after the end of each fiscal year, (ii) quarterly reports with unaudited financial statements within 60 or 90 days after the end of each fiscal quarter, and (iii) annual tax information necessary to complete the investors' income tax returns. ECIM through Equilibrium prepares these reports and is responsible for their dissemination to client investors.

## ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

ECIM does not use any placement agents to obtain clients. However, our sister company, Equilibrium Capital Services, LLC, as a regulatory requirement has a standing arrangement to find investors for Equilibrium entities, including our clients. That arrangement does not include a success-based fee.

## ITEM 15. CUSTODY

Because we act as investment adviser to the clients and are affiliated with each client's general partner or managing member through common ownership and control, we are deemed to have custody of client assets under current applicable regulatory interpretations.

As an adviser with custody, we seek to have each of the clients audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). We seek to send, directly or through a third party, the audited financials to each investor in a client within 90 to 120 days of the applicable Fund's fiscal year end.

## ITEM 16. INVESTMENT DISCRETION

As investment adviser to the clients, ECIM acting for the client's General Partner or Managing Member has discretionary authority in the relevant organizational documents and/or advisory agreements to determine which securities or assets, and what amounts of securities or assets, are to be bought or sold on behalf of the clients. This authority is housed specifically in the client-specific Investment Committee. ECIM oversees compliance by, and carries out, the decisions made by the client's investment committee through the services we offer.

## ITEM 17. VOTING CLIENT SECURITIES

Because our clients invest primarily in real assets, usually through ownership of all or a supermajority share of the equity in private vehicles formed for the purpose, ECIM rarely is required to vote proxies. Under certain limited circumstances, however, ECIM may be required to vote proxies. Under these circumstances, ECIM will vote proxies in the best interest of the clients, under applicable client governance principles.

ECIM only represents clients that define such principles consistently with a broad view of "best interests", encompassing the health of the entire productive matrix (environment and all human connection) surrounding the client's assets. Such votes necessarily require judgment, which ECIM will use best efforts to execute appropriately.

ECIM or the client's general partner or managing member will typically designate one or more affiliated persons to serve on the governing body (if any) of our client's assets or asset-holding entities. As such, a conflict of interest could arise when voting certain common proxies including board composition, tenure or compensation. Under these circumstances, when the vote could establish the rights of the designee in ways not already controlled by contract between the client and the asset, ECIM will either abstain, seek guidance from the client's Investor Advisory Committee, or engage an unaffiliated third party to vote the proxy on behalf of the affected Fund.

## ITEM 18. FINANCIAL INFORMATION

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered, therefore, we are not required to include a financial statement with this brochure.

ECIM has not been the subject of a bankruptcy petition at any time during the past ten years.