

Northwest Investment Management (Hong Kong) Limited

27 March 2020

This brochure provides information about the qualifications and business practices of Northwest Investment Management (Hong Kong) Limited (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at (852) 3657 5600. This information has not been approved or verified by the SEC or by any state securities authority.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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TABLE OF CONTENTS

Item 1. Cover Page	1
Item 3. Table of Contents	2
Item 4. Advisory Business	3
Item 5. Fees and Compensation	3
Item 6. Performance-Based Fees and Side-by-Side Management	4
Item 7. Types of Clients	5
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9. Disciplinary Information	6
Item 10. Other Financial Industry Activities and Affiliations	6
Item 11. Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading	6
Item 12. Brokerage Practices	7
Item 13. Review of Accounts	8
Item 14. <i>Client</i> Referrals and Other Compensation	8
Item 15. <i>Custody</i>	8
Item 16. Investment Discretion	9
Item 17. Voting <i>Client</i> Securities	9
Item 18. Financial Information	9
Appendix: Item 2. Material Changes	10

Item 4. Advisory Business

A. General Description of Advisory Firm. The Adviser is an investment adviser with its principal place of business in Hong Kong. The Adviser was incorporated with limited liability in Hong Kong on 17 June 2008. The major shareholders are George Philips and David Rogers (both more than 25%), who co-founded Northwest Investment Management Limited (the “Original Northwest Business”) in 1998, drawing on their experience in managing equity derivative portfolios. Mr. Philips and Mr. Rogers have been continuously responsible for the investment management of the Northwest range of funds since 1998.

The first fund managed by the Original Northwest Business was a convertible arbitrage product designed to extract the pricing inefficiencies that existed in the global convertible market at that time. In 2001, the Original Northwest Business re-introduced a technique developed by Messrs Philips and Rogers in the early 1990s known as “multivariate arbitrage” and the Fund was launched to take advantage of the improved opportunities that this technique provides. In 2002, it was decided to focus more on Asian markets where both principals have significant experience, trading through the economic crash in Japan, the Asian contagion, and the Kobe earthquake. In September 2006, the Original Northwest Business was sold to RAB Capital plc (“RAB”) and, in April 2009, RAB sold the Northwest business to Northwest Investment Management Limited, a limited company incorporated in England on 21 October 2008 (“Northwest UK”), of which Messrs Philips and Rogers are the majority shareholders. Northwest UK transferred the investment management of the Northwest Funds to the Adviser on 11 August 2009. The Adviser currently employs a team of staff of 21 in Hong Kong and the USA.

B. Description of Advisory Services. The Adviser is licensed by the Hong Kong Securities and Futures Commission to carry on Type 9 (asset management) regulated activity. The Adviser provides advisory services on a discretionary basis to its clients, which include four private investment funds (pooled investment vehicles) intended for sophisticated investors.

C. Availability of Tailored Services for Individual Clients. The Adviser provides advice to client accounts based on specific investment objectives and strategies. Under certain circumstances, the Adviser may agree to tailor advisory services to the individual needs of clients. Clients may impose restrictions on investing in certain securities or certain types of securities.

D. Client Assets Under Management. As of 28 February 2020, the Adviser had approximately \$1,083 million client assets under management. As of that date, all are managed on a discretionary basis.

Item 5. Fees and Compensation

A. Advisory Fees and Compensation.

Asset-Based Compensation

The Adviser is paid an asset-based investment management fee ranging from 0.5 to 2.0% per annum of the net assets of the respective client account.

Investment management fees are charged each month in arrears based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the last day of the month. If a new client account is established during a month or a client makes an addition to its account during a month, the investment management fee will be prorated. If a client’s investment management agreement is terminated during a month, the fee payable to the Adviser will be calculated based on the value of the assets on the termination date and prorated for the number of days during the month in which the investment management arrangement was in effect.

Management fees assessed on investments in pooled investment vehicles by the employees of the Adviser (Class A1) and certain early, large, strategic or locked-in investors are reduced or waived entirely.

These fees are not negotiable.

Performance-Based Compensation

The Adviser will also be paid performance-based compensation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a client account (such as a client account that is a hedge fund or other pooled investment vehicle). This compensation ranges from 10 to 20% and is collected on a high water mark basis. In certain share class of clients, receipt of performance-based compensation is subject to a hurdle rate over the high water mark.

These fees are not negotiable.

B. Payment of Fees. The investment management fee is deducted from client accounts on a monthly basis by the client's administrator.

C. Other Fees and Expenses. In addition to paying investment management fees, client accounts will also be subject to other investment expenses in accordance with the funds' Offering Memoranda such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts. In addition, client accounts will incur brokerage and other transaction costs. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices. The clients are also responsible for paying all of their own costs including director fees and insurance, administration, accounting, auditing, legal fees.

The Adviser allocates common client expenses among multiple clients pro rata based on net assets under management as of the beginning of each quarterly period in which the expenses are paid.

Item 6. Performance-Based Fees and Side-by-Side Management

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser is entitled to be paid performance-based compensation by its private investment fund (pooled investment vehicle) clients. Such performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts or have asset-based fees or performance-based compensation arrangements providing for payment to the Adviser at different times or over different time intervals. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser (and indirectly its investment personnel) higher fees, performance-based compensation, or compensation that is paid at different times or over different time intervals. However, as different clients have different investment strategy and/or geographical focus, the Adviser generally has no incentive to favor one client over another.

The Adviser manages multiple client accounts. Accordingly, the Adviser has adopted and implemented policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple accounts, including accounts with different fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that eligible client accounts with the same or substantially similar investment mandates and strategies participate in investment opportunities pro rata based on the relative value of the assets of each participating account to all participating accounts; provided, however that the Adviser may allocate investment opportunities to such accounts on a non-pro rata basis due to a consideration of factors including but not limited to upcoming subscription and redemption, etc. To the extent orders are aggregated, the client orders are price-averaged and allocated in accordance with the aggregated order; provided, that the aggregated order may be allocated on a different basis for reasons including but not limited to partially filled orders and to avoid odd lots or excessively small allocations. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

Item 7. Types of Clients

All clients of the Adviser are offshore open-ended pooled investment vehicles. The Adviser, however, is not precluded from advising other types of clients.

With respect to any client that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle.

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

A. Methods of Analysis and Investment Strategies and Principal Risks. 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 clients are Asian focused and often trade through synthetic products. Some of the clients are market neutral and hedge, in so far as is practicable, credit, foreign exchange (except HKD) and interest rate risks. The principal market risks faced by these products concern the relative cheapness of derivatives and the relative value of equities. Other risks come from exposure to bank and broker/dealer counterparties and the inherently complex structure of the funds' activities. The other clients have long only investment strategies. The principal risks faced by these strategies are a fall in equity prices, in addition to the risks for the market neutral products discussed above.

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.

B. Additional Risks Relating to the Adviser

Cybersecurity Risk. The information and technology systems of the Adviser and of key service providers to the Adviser and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has

implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

Systems and Operational Risk. The Adviser relies on certain data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

Item 9. Disciplinary Information

This Item is inapplicable.

Item 10. Other Financial Industry Activities and Affiliations

The Adviser is registered as a commodity pool operator. In connection with the Adviser's registration as a commodity pool operator, certain of the Adviser's management persons are registered as associated persons and/or principals of the Adviser.

The subsidiary of the Adviser is also registered as a commodity pool operator. In connection with its registration as a commodity pool operator, the Adviser's subsidiary's management person is registered as an associated person and principal of the Adviser's subsidiary.

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

A. Code of Ethics. The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser, its Supervised Persons (Directors, Officers and persons with investment responsibility) and Access Persons (Directors and persons with access to dealing instructions) to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. In addition to compliance with the Adviser's policies and procedures, all of the Adviser's Supervised and Access Persons are required to comply with applicable federal securities laws. A copy of the Code will be provided to clients and prospective clients upon request. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by the Adviser and its employees.

The Adviser and its personnel may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The

Adviser has adopted policies and procedures governing gifts and business entertainment, which includes quarterly disclosure of gifts and business entertainment and pre-clearance by the Chief Compliance Officer prior to giving/receiving gifts above a certain de minimis threshold.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to its clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

B. Conflicts of Interest Created by Contemporaneous Trading. The Adviser or a related person from time to time buys or sells securities for client accounts, at or about the same time that the Adviser or related person buys or sells the same securities for its own account. In order to minimize the conflicts stemming from situations where the contemporaneous trading results in an economic benefit for the Adviser or its related person to the detriment of the client, the Adviser has adopted the procedures described below.

Neither Northwest nor any staff member transacts with any fund or managed account at any time, and staff would normally not be permitted to invest in any securities suitable for investment by the funds or managed account. In any other case, Northwest 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.

Item 12. Brokerage Practices

A. Factors Considered in Selecting Broker-Dealers for Client Transactions. The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to, reputation, financial strength and stability, creditworthiness, execution capability (including the ability to execute in certain markets (e.g. China QFII)), cost of execution (commission rates and/or spreads), effectiveness of execution (speed, reliability, responsiveness and ability to execute related legs simultaneously), and the operational facilities of the brokers and/or dealers involved (including back office efficiency, quality of settlement and error resolution); custodial and other services provided for the enhancement of the Adviser's portfolio management capabilities; and degree of overall service (consistency of presence in market, trade idea generation). In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

The Adviser carries out reasonableness review to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors and also on commission rates and/or spreads offered by competing brokers on a regular basis. A broker who initiates an idea taken up by the Adviser would expect the trade to be executed through them, but the Adviser will still ensure the commission rate or spread is appropriate. The Adviser does not have any client commission arrangements with the brokers.

B. Order Aggregation. The Adviser often purchases or sells the same security for more than one client contemporaneously/at or near the same time and using the same executing broker. It is the Adviser's practice, where appropriate, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction.

When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients. Each client that participates in an aggregated order will pay the same cost of execution (measured by rate).

Item 13. Review of Accounts

Each client account is reviewed by the Chief Investment Officer of the Adviser, on an ongoing basis to determine whether securities positions should be maintained in light of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each client account. This review is also subject to the overall supervision of the Chief Executive Officer of the Adviser.

A client's investors receive reports from the client pursuant to the terms of each client's offering memoranda or as otherwise described in the offering document of the client.

Item 14. Client Referrals and Other Compensation

The Adviser receives no compensation for fund management services other than the fees charged to funds.

Item 15. Custody

The Adviser does not have custody of client assets.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances and other criteria, there may be differences among clients in invested positions and securities held.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors occur, the Adviser's error correction procedure is to ensure that clients are treated fairly. The Adviser has discretion to resolve a particular error in any manner that it deems appropriate and consistent with the above stated policy. In the event that a client account incurs a trade error as a result of the Adviser's violation of the standard of care that is applicable to the client account, the Adviser will reimburse the client for losses attributable to such violation. Trade errors that do not result from the Adviser's violation of the standard of care applicable to the client account are borne by the client account. The Adviser is not responsible for the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by the Adviser.

Item 17. Voting *Client* Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser ensures that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients and, where applicable, in line with its evaluation of the most economically attractive outcome for the client in question. Clients may request the details of securities voted.

Item 18. Financial Information

This Item is not applicable.

Appendix: Item 2. Material Changes

Since the Adviser's last annual update, which was filed on 27 March 2019, the Adviser has made routine updates and clarifying changes to the *Brochure*.