



EAST WEST INVESTMENT MANAGEMENT LLC

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**Part 2A of Form ADV: Firm Brochure
March 2, 2020**

This brochure provides information about the qualifications and business practices of East West Investment Management LLC. If you have any questions about the contents of this brochure, please contact us at (626) 768-6703. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about East West Investment Management LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

Annual Update

This *Material Changes* section of the Brochure will be updated annually or sooner if a material change(s) occurs to this initial Form ADV Part 2A (the “Brochure”) and any subsequent release of this Brochure.

Material Changes since Last Update

Not applicable.

Item 3. Table of Contents

Item 1: Cover Page.....	1
Item 2. Material Changes.....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	4
Item 6. Performance-Based Fees and Side-By-Side Management	6
Item 7. Types of Clients.....	6
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9. Disciplinary Information	16
Item 10. Other Financial Industry Activities and Affiliations	16
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
Item 12. Brokerage Practices	18
Item 13. Review of Accounts.....	20
Item 14. Client Referrals and Other Compensation.....	21
Item 15. Custody.....	21
Item 16. Investment Discretion.....	21
Item 17. Voting Client Securities.....	21
Item 18. Financial Information	22
Item 19. Requirements for State-Registered Advisers.....	22

Item 4. Advisory Business

A. Firm Description

East West Investment Management LLC (“**EWIM**”, “**we**” or “**us**”), a limited liability company organized in Delaware on July 24, 2019, is an investment adviser registered with the Securities and Exchange Commission (“**SEC**”).

EWIM currently has a single member, East West Bancorp, Inc. (“**EWB**”), a bank holding company incorporated in Delaware. EWB is publicly held. EWIM’s initial employees are employees shared by EWB and EWIM pursuant to a shared services agreement.

B. Types of Advisory Services

EWIM offers investment advisory services primarily to collateralized loan obligation structured vehicles (each, a “**CLO**” or “**Client**” and collectively, the “**CLOs**” or “**Clients**”). Clients advised by EWIM may in the future include other types of investment vehicles, or separately managed accounts. The CLOs are marketed primarily in private placements to “qualified purchasers” (as defined in the Investment Company Act of 1940 (the “**Investment Company Act**”) and “accredited investors” (as defined in Regulation D under the Securities Act of 1933 (“**Securities Act**”)) and to investors that are not U.S. persons (as defined in Regulation S under the Securities Act)). EWIM also expects that all CLOs and any other Clients would themselves be “qualified purchasers” as defined in the Investment Company Act.

Our investment advice to our CLOs focuses on investment and credit management activities in one or more below-investment grade corporate debt strategies. “Below-investment grade corporate debt” refers to a financial instrument that is rated below BBB/Baa by one of the major rating agencies or that, if unrated, in EWIM’s view has a comparable level of credit risk.

C. Tailoring of Advisory Services

Advisory services for each CLO managed by EWIM are based upon the CLO’s investment objectives and restrictions as stated in its governing documents and agreements (the “**CLO Documents**”). EWIM’s Clients are the CLOs, and not the individual investors in the CLOs, and EWIM’s investment management services are tailored to the objectives of the relevant CLO and not to the individualized needs of any CLO investor. CLO investment objectives and restrictions may, however, be negotiated with investors before the CLO closes and CLO Documents are finalized.

D. Wrap Fee Programs

EWIM does not participate in wrap fee programs.

E. Assets under Management

As of the date of this brochure, EWIM has \$350 million in discretionary regulatory assets under management.

Item 5. Fees and Compensation

A. Compensation

We are typically compensated for our services through the payment of base management fees that are expressed as a number of basis points of assets under management (“**Management Fees**”) and, subject to meeting certain pre-determined performance metrics set forth in the CLO Documents, we are also entitled to performance-based incentive fees (as described in Item 6 below). Management Fees and performance-based fees are set forth in detail in the CLO Documents for the relevant CLO.

The nature and amount of compensation paid to EWIM may differ from one CLO to another, and the compensation indirectly borne by investors in the CLOs, even those investing in the same CLO, may differ from one investor to another.

B. Manner of Payment

In most instances, an unaffiliated third party will pay EWIM’s fees by applying an appropriate portion of the cash flows from the Client’s underlying assets toward payment of EWIM per the agreed-upon periodic schedule under the CLO Documents.

C. Additional Expenses

EWIM’s CLO Clients and, indirectly, investors in the CLOs, bear certain other fees, expenses and costs (in addition to the compensation payable to EWIM) which are incidental or related to the operation of CLOs or the buying, selling and holding of investments. Such fees, expenses and costs are detailed in the CLO Documents for each CLO; as a non-exhaustive summary, such amounts may include: (1) custodial charges; (2) credit support fees; (3) brokerage fees; (4) fees for administrative services provided by third parties and/or affiliated entities; (5) fees for professional services provided in-house for EWIM (to the extent there is a tangible benefit of such services to a Client); (6) commissions and other related transaction costs and expenses, such as deal fees, origination fees and deferred sales charges; (7) governmental charges, taxes and duties; (8) transfer fees, registration fees and other expenses associated with buying, selling or holding investments, such as wire transfer and electronic fund fees; (9) withholding taxes payable and required to be withheld by issuers or their agents; (10) legal fees incurred in connection with the discharge of its investment management responsibilities; (11) travel (including first class or private airfare, as discussed below), meal and entertainment expenses; (12) expenses incurred with respect to investor communication, meetings and conferences; (13) audit fees; and (14) insurance expenses.

D. Advance Payment of Fees

Generally, Management Fees payable to EWIM are paid periodically in arrears.

E. Compensation for Sale of Securities/Investment Products

None of EWIM’s supervised persons receives compensation for the sale of any securities or investment products that are purchased or sold by Clients under EWIM’s advice or management.

As discussed in the response to Item 10 below, EWIM is affiliated with East West Markets, LLC (“EWM”), a registered broker-dealer and a wholly owned subsidiary of EWIM’s parent company, EWB. At least one EWIM employee is also employed by EWM. Neither EWM nor its supervised persons, including supervised persons shared with EWIM, is expected to receive compensation in connection with portfolio transactions by Clients; however, as discussed in the response to Item 10 below, EWM is expected to receive compensation in connection with the offer and sale of the notes issued by certain Clients.

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

As noted above in the response to Item 5, the CLO Documents provide for payment to EWIM of performance-based fees, which generally consist of a share of returns to the CLO to the extent they exceed certain pre-determined performance thresholds. Performance-based compensation arrangements may create an incentive for EWIM to recommend investments that are more risky or speculative than those that would be recommended under a different arrangement. Additionally, under a performance-based allocation structure, EWIM may have an incentive for EWIM to time dispositions in order to recognize gains rather than in the best interests of Clients. EWIM charges performance-based fees only in accordance with Section 205(3) of the Advisers Act of 1940, as amended (the “**Advisers Act**”) or Rule 205-3 thereunder.

To the extent EWIM may in the future or in certain situations charge certain Clients only Management Fees or no fees at all, this would result in us having a potential incentive to favor Clients from whom we receive performance-based compensation. In addition, even among Clients that are subject to performance-based compensation, factual circumstances and calculation methodologies may differ from one Client to another. Such differences may result in an incentive for EWIM to favor certain Clients (for example, Clients that have more achievable preferred returns or hurdle amounts) over others.

For example, where the actions taken on behalf of one Client may adversely impact another Client (e.g., because such Clients have the same or similar investment strategies and compete for investment opportunities, or because one Client could gain an advantage trading ahead of another Client), EWIM may have an incentive to favor a Client whose fee structure is performance-based or is otherwise more lucrative to EWIM or its personnel. Such conflicts may pose concerns when, for example, EWIM allocates transactions that it believes could more likely result in favorable performance, or engages in cross trades, or executes potentially conflicting or competing investments. Affiliates of EWIM currently own securities issued by the initial CLO, and EWIM or its affiliates, or their respective principals or personnel, may in the future own securities issued by the CLOs, which may create similar conflicts and incentives to those mentioned above.

EWIM intends to mitigate these conflicts, and general conflicts where investment opportunities available to the certain Clients are limited in nature, through investment allocation policies designed to achieve equitable allocation among such Clients over time. Further, EWIM’s policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to its Clients and investors, without consideration of EWIM’s (or EWIM’s personnel’s) other interests.

Item 7. Types of Clients

EWIM primarily provides investment advisory services to CLOs. Investors in CLOs primarily or exclusively consist of “qualified purchasers” (as defined in the Investment Company Act) and non-U.S. persons (as defined in Regulation S under the Securities Act). Such investors generally are, but may not be limited to, institutional investors (including insurance companies and public and private pension funds), trusts, estates, foundations, endowments and other charitable organizations, corporations and family offices. Minimum investor amounts for CLOs are set forth in the relevant CLO Documents.

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

Methods of Analysis

EWIM uses a variety of methods to make investment decisions and recommendations, employing both bottom-up and top-down credit-focused research processes. We select investments by analyzing information from a variety of sources, which may include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases. We may also obtain market information through internal research facilities and third-party providers, wire services, and other publicly available sources. We may obtain additional information on issuers through due diligence meetings with issuers’ management, court filings (including bankruptcy filings), independently prepared engineering and technical reports, interviews with suppliers, customers and competitors, third party analytical systems, and audited financial reports. Additionally, we may gather information for analysis through discussions with third parties such as tenants, customers, surveyors, engineers, environmental consultants, local brokers, attorneys, investment bankers, published research, discussions with third party investment research professionals, potential co-investors, etc. Also, EWIM may engage so-called expert networks to consult with paid industry experts and its policies address potential issues relating to the receipt of material non-public information.

We may use a variety of analytical methods on the data we collect, including fundamental, technical, and cyclical analyses. We also may analyze securities structures, country risk (including consideration of global trading relationships such as free trade agreements), political risks, monthly compliance statements, discounted cash flows, and proprietary data and analytical systems developed and maintained in-house. Further, we may perform credit analyses based upon debt payment history, term of debt, price, interest rate, market interest rates, general market conditions, industry conditions, and other similar factors.

Material Risks of Strategies and Investments used in Strategies

Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. While EWIM seeks to mitigate risks so that they are appropriate to the return potential for the CLO strategy, it is not possible or desirable to fully mitigate risks. Investors in the CLOs should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

Our services are not intended to provide a complete investment program for investors. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

Specific risks applicable to each Client are enumerated in the relevant CLO Documents. The investments we manage entail the following general risks, some or all of which may be applicable to any particular Client depending on the investment guidelines of such Client:

- **Below-Investment Grade Instruments.** The below-investment-grade loans and other debt instruments in which our CLOs invest are considered to be speculative and involve a high degree of financial risk due to the nature of their issuers' and obligors' leveraged capital structures. These investments may be (1) unsecured and subordinated to substantial amounts of senior debt (all or a significant portion of which may be secured), (2) may not be protected by financial covenants or limitations on additional debt, (3) may have limited liquidity and (4) may not be rated by a credit rating agency. These instruments are regarded as predominantly speculative with respect to the issuer's continuing ability to meet principal and interest payments. Because investment in below-investment-grade instruments involves greater investment risk, achievement of the CLO's investment objective will be more dependent on our analysis than would be the case if the CLO were investing in higher-quality, investment grade instruments. In addition, below-investment-grade instruments in leveraged capital structures may be more susceptible to real or perceived adverse economic and issuer-specific developments than investment-grade instruments. Moreover, the secondary trading market for lower quality instruments is generally more volatile and may be less liquid than the market for investment grade debt securities. This potential lack of liquidity may make it more difficult to accurately value certain portfolio investments.
- **Stressed and Distressed Investments.** Stressed and distressed credits include public and private debt securities and other obligations (which may include high yield bonds and bank debt) of issuers and borrowers that are in or near default or bankruptcy or otherwise experiencing financial distress. The market for distressed credits may be cyclical as default rates often vary based upon economic conditions, industry-specific trends, the financing markets and various other factors, including legal and regulatory constraints. Investment in stressed and distressed securities involves a high degree of credit and market risk. Although EWIM seeks to invest in select companies that in our view have the potential over the long-term for capital growth, there can be no assurance that such financially troubled issuers or operationally troubled issuers can be successfully transformed into profitable operating companies and generate returns to compensate adequately for the risks assumed. The level of analytical sophistication, both financial and legal, necessary for successful investment in stressed and distressed securities is unusually high and is often based on limited information. There can be no assurance that we will correctly evaluate the value of a company's assets or the prospects for a successful reorganization or similar action. Securities and debt of financially troubled issuers or borrowers and operationally troubled issuers or borrowers are less liquid and more volatile than securities of companies not experiencing financial or operational difficulties and could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry, specific developments within the companies and other factors. The market prices of such securities are subject to erratic and abrupt market movements, and the spread between bid and asked prices

may be greater than normally expected, which may result in delays and losses and other costs in connection with the sale of such investments.

- **General Market and Credit Risks of Debt Securities.** Debt portfolios are subject to credit and interest rate risks. “Credit risk” refers to the potential that an issuer or obligor will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer or obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities or loans which are rated by rating agencies are often reviewed and may be subject to downgrade. “Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments may also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.
- **Illiquid and Long-Term Investments.** An investment may have a contractual return that is not paid entirely in cash, but rather partially or wholly in-kind or as an accreting liquidation preference, thus lengthening the time before cash is received and increasing the Client’s risk exposure to the portfolio company. While EWIM intends to achieve a targeted return for a given investment over time, other factors such as overall economic conditions, the competitive environment and the availability of potential purchasers or capital for the refinancing of the securities, may shorten or lengthen holding periods and some investments may take longer than initially planned from the initial investment date to achieve a realization. It is anticipated that there will not be a public market for the loans held by the CLOs. Therefore, if a Client determines (including, at the direction of EWIM or the direction of one or more investors of the Client) or is required to liquidate all or a portion of its portfolio positions quickly, that Client may realize significantly less than the value at which its investments were previously recorded.
- **Price Volatility Risk.** The value of a Client’s investment portfolio will change as market prices of its investments increase or decrease due to among other things credit risk, interest rate risk or changes in market factors (market risk). Generally, the longer a Client’s portfolio duration, the greater the degree of price fluctuation. Also, more concentrated portfolios have greater potential volatility. Below-investment-grade securities are more susceptible to market risk and general economic factors than investment-grade securities, and, thus, typically bear increased price volatility risk.
- **Foreign Investing and Currency Exchange Risk.** Foreign investments may involve greater risks than domestic investments because a Client’s performance may depend on factors other than the performance of a particular company, including the following: the unpredictability of international trade patterns; the possibility of governmental actions adverse to business

generally or to foreign investors in particular; imposition or modification of controls on foreign currency exchange, repatriation of proceeds or foreign investment; the imposition or increase of withholding taxes on income and gains; price volatility; absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation which may result in lower quality information being available and less developed corporate laws regarding fiduciary duties and the protection of investors; governmental influence on the national and local economies; and fluctuations in currency exchange rates. In addition, collateral that is located outside of the United States may be subject to various laws enacted for the protection of creditors, depending on the country and the issuer, which laws may differ substantially from those applicable in the United States. The risks described in this paragraph with respect to foreign investments apply to an even greater extent to investments in emerging markets.

Furthermore, while it is expected that any foreign investment made by a Client would be denominated in U.S. dollars, in certain instances foreign investments may be denominated in currencies other than the U.S. dollar, and hence the value of such investments will depend in part on the relative strength of the U.S. dollar. Clients may be affected favorably or unfavorably by currency control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar. Foreign currency fluctuations could result in losses on investments in securities of foreign issuers. This might occur, for example, if the value of the acquired foreign securities declines and any debt incurred to purchase the investments is repaid by the Client from assets not otherwise available for foreign investment. Such a circumstance could be compounded if, as the result of foreign currency fluctuations, the amount in dollars required to repay indebtedness denominated in a foreign currency exceeds the amount in dollars borrowed to make the investment. There can be no assurance as to the success of any hedging operations that we may implement in such circumstances.

- **Political Uncertainty Risk.** Markets, both domestic and foreign, in which the Clients are invested or to which Clients are exposed may experience political uncertainty, that subjects investments to heightened risks, even when made in established markets. These risks include: greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); greater social, economic, and political instability (including the risk of war or natural disaster); increased risk of nationalization, greater governmental involvement in the economy; less governmental supervision and regulation of the securities markets and participants in those markets; controls on foreign investment, capital controls and limitations on repatriation of invested capital and on the Client's or EWIM's ability to exchange currencies; inability to purchase and sell investments or otherwise settle security or derivative transactions (i.e., a market freeze); unavailability of currency hedging techniques; slower clearance; and difficulties in obtaining and/or enforcing legal judgments.

During times of political uncertainty, the securities, derivatives and currency markets may become volatile. There also may be a lower level of monitoring and regulation of markets while a country is experiencing political uncertainty, and the activities of investors in such markets and enforcement of existing regulations may be extremely limited. Markets experiencing political uncertainty may have substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates may have negative effects on such countries' economies and securities markets. There can be no

assurance that adverse political changes will not cause a Client to suffer a loss of any or all of its investments or, in the case of fixed income securities, interest thereon. Specific political risks include, but are not limited to:

- **Tax Reform Legislation.** Significant tax reform legislation was recently enacted that, among other things, permanently reduces the maximum federal corporate income tax rate, reduces the maximum individual income tax rate (effective for taxable years 2018 through 2025), restricts the deductibility of business interest expense, changes the rules regarding the calculation of net operating loss deductions that may be used to offset taxable income, expands the circumstances in which a foreign corporation will be treated as a “controlled foreign corporation” and, under certain circumstances, requires accrual method taxpayers to recognize income for U.S. federal income tax purposes no later than when the income is taken into account as revenue in an applicable financial statement. The impact of this new legislation on Clients is uncertain and prospective investors are urged to consult their tax advisors regarding the effects of the new legislation on an investment.
- **Regulatory Changes.** In response to the downturn in the credit markets and the global economic crisis of 2007-2008, legislators and various agencies and regulatory bodies of the United States federal government and in Europe have taken or are considering taking actions. These actions include, but are not limited to, the enactment of the Dodd Frank Wall Street Reform and Consumer Protection Act (the “**Dodd Frank Act**”), which was signed into law on July 21, 2010, and which imposes a new regulatory framework over the U.S. financial services industry and the consumer credit markets in general, and proposed and actual regulations by the SEC, the Commodity Futures Trading Commission, and other agencies and regulatory bodies. Implementation of the Dodd Frank Act has required, and will continue to require, many lengthy rulemaking processes resulting in the adoption of a multitude of new regulations applicable to financial entities, markets and instruments. The Dodd Frank Act may affect EWIM and its Clients in many respects. While many regulations implementing various provisions of the Dodd Frank Act have been finalized and adopted, some implementing regulations currently exist only in draft form and are subject to comment and revision, and still other implementing regulations have not yet been proposed. It is therefore difficult to predict the effect of any regulatory or tax changes currently being implemented or which may be implemented in the future on EWIM and its Clients, as well as on the markets and instruments in which they invest and the counterparties with which they conduct business.
- **European Economic Risk.** European financial markets have recently experienced volatility and have been adversely affected by concerns about rising government debt levels, credit rating downgrades, and possible default on or restructuring of government debt. These events have affected the value and exchange rate of the euro, the common currency of the European Monetary Union (“**EMU**”). Investing in euro-denominated (or other European currency-denominated) securities also entails the risk of being exposed to a currency that may not fully reflect the strengths and weaknesses of the disparate European economies. Holders of euro-denominated sovereign debt, including banks and other financial institutions, could be adversely affected by weakness in sovereign borrowers, which in turn may have less ability to support the financial system. The governments of several member countries of the EU have experienced large public budget deficits, which have adversely affected the sovereign debt issued by those countries and may ultimately lead to declines in the value of the euro.

It is possible that countries that have already adopted the euro could abandon the euro and return to a national currency and/or that the euro will cease to exist as a single currency in its current form. The effects of such abandonment or a country's forced expulsion from the EMU on that country, the rest of the EMU, and global markets are impossible to predict, but are likely to be negative. The exit of any country out of the EMU would likely have an extremely destabilizing effect on all Eurozone countries and their economies and a negative effect on the global economy. Although the debt obligations held by the CLOs are expected generally to be U.S. dollar-denominated, the effect of such potential events on the CLOs' investments and the obligors thereunder are impossible to predict.

- **Potential implications of 'Brexit'**. The 2016 decision made in the British referendum to leave the EU has led to volatility in the financial markets of the United Kingdom and more broadly across Europe and may also lead to weakening in consumer, corporate and financial confidence in such markets. The United Kingdom left the European Union on January 31, 2020 with an 11-month transition period to negotiate a trade agreement with the EU, but the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the EU are unclear at this stage and are likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the U.K. and in wider European markets for some time.

In particular, the decision made in the British referendum may lead to a call for similar referenda in other European jurisdictions which may cause increased economic volatility in the European and global markets. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of the Partnership and its portfolio companies to execute their respective strategies and to receive attractive returns. For example, currency volatility may mean that the returns of a fund and its portfolio investments are adversely affected by market movements and may make it more difficult, or more expensive, for them to execute prudent currency hedging policies. Potential decline in the value of the Pound Sterling and/or the Euro against other currencies, along with the potential downgrading of the U.K.'s sovereign credit rating, may also have an impact on the performance of portfolio companies or investments located in the United Kingdom or Europe.

- **Counterparty and Custodial Risk**. To the extent Clients invest in swaps, "synthetic" or derivative instruments, repurchase agreements, certain types of options or other customized financial instruments or, in certain circumstances, non-U.S. securities, Clients take the risk of non-performance by the other party to the contract. This risk may include the credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Additionally, transactions that are cleared through a clearinghouse are subject to the credit risks associated with the clearinghouse.
- **Insolvency Considerations**. The information in this and the following risk factor ("Participation on Creditors' Committees and Boards of Directors") is applicable with respect to U.S. obligors. Because EWIM invests Client accounts in loans and debt securities, various

laws enacted for the protection of creditors may apply to instruments held by Clients. The loans of obligors not organized or incorporated in the United States will be subject to laws enacted in their home countries for the protection of creditors, which may differ from and be less favorable than the laws described above. If in a lawsuit brought by an unpaid creditor or representative of creditors of an obligor (such as a trustee in bankruptcy) under a loan, a court were to find that the obligor did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the loan and, after giving effect to such indebtedness, the obligor (1) was insolvent, (2) was engaged in a business for which the remaining assets of such obligor constituted unreasonably small capital or (3) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, then the court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing and/or future creditors of the obligor, or to recover amounts previously paid by the obligor in satisfaction of such indebtedness. There can be no assurance as to what standard a court would apply to determine whether the obligor was “insolvent” after giving effect to the incurrence of the indebtedness constituting the loan or that, regardless of the method of valuation, a court would not determine that the obligor was “insolvent” upon giving effect to such incurrence. In addition, in the event of the insolvency of an obligor of a loan, payments made on such loan could be subject to avoidance as a “preference” if made within a certain period (which may be as long as one year) before insolvency. In general, if payments on an obligation are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from the initial recipient (such as Clients).

- **Participation on Creditors’ Committees and Boards of Directors.** Representatives of EWIM, on behalf of Clients, may participate on committees formed by creditors to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. EWIM may also seek to negotiate directly with debtors with respect to restructuring issues. In the situation where a representative of EWIM chooses to join a creditors’ committee, the representative would likely be only one of many participants, each of whom would be interested in obtaining an outcome that is in its individual best interest. There can be no assurance that the representative would be successful in obtaining results most favorable to our Clients in such proceedings, although the representative may incur significant legal fees and other expenses in attempting to do so. As a result of participation by the representative on such committees, the representative may be deemed to have duties to other creditors represented by the committees, which might thereby expose Clients to liability to such other creditors who disagree with the representative’s actions. It is possible that EWIM or its affiliates will be represented on the boards of some of the companies in which Clients make investments. Such representation may have the effect of impairing the ability of EWIM to sell Clients’ related investments when, and upon the terms, they might otherwise desire, including as a result of applicable securities laws. If EWIM or any of EWIM’s affiliates or employees earns compensation with regard to any such board representation, such compensation will generally be remitted to the relevant Clients.
- **Availability of Suitable Investments; Competition.** The identification of attractive investment opportunities is difficult and highly uncertain, and there can be no assurance that suitable investment opportunities will be identified. EWIM often seeks to invest in companies with relatively short operating histories and lower revenues or companies that have undergone

leveraged buyouts or recapitalizations. The success of Client portfolios will depend on the ability of EWIM to identify, recommend and consummate suitable investments in a highly competitive environment. EWIM competes with the public and private debt and equity markets and with other investors, including other asset management firms, mezzanine funds, private equity funds, hedge funds, direct investment firms, business development companies and merchant banks for investment opportunities.

- **Investments in Cash or Cash-Equivalent Investments.** EWIM may invest a portion of Clients' assets in cash or cash equivalents when, for example, (1) Clients are initially funded or additional funding occurs and targeted investments have not been identified or purchased, (2) other investments are unattractive, (3) providing a reserve for anticipated obligations of Clients or (4) for other temporary purposes. Although such practices may assist in the preservation of capital, the assumption of cash positions may also reduce potential investment returns, especially for Clients who pay Management Fees on cash or cash equivalents. Cash investment practices may be expected, therefore, to affect total investment performance of Clients' portfolios.
- **Use of Leverage.** The CLOs will generally be highly leveraged (including by issuing one or more classes of notes) to increase profit potential while increasing risk of loss and volatility. Leverage increases risk to the investors in the CLOs, particularly holders of the more subordinated classes of notes. If the performance of the obligations held in the CLO portfolio does not exceed the interest expense on the notes issued by the CLO, holders of one or more classes of notes would be subject to loss, potentially 100% loss, of their invested capital.
- **Litigation.** To the extent that a Client is in a position to exercise any significant influence over a portfolio company, there could be a heightened risk of litigation (e.g., claims that the Client is a controlling person and thus liable for securities law violations of the portfolio company). The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments, absent fraud, willful misconduct or gross negligence by EWIM, would be borne by relevant Clients or their investors and would reduce net assets or could require investors in Clients to return the Clients' distributed capital and earnings. EWIM and others are indemnified in connection with such litigation, subject to certain conditions. Clients also may be required to indemnify the purchasers of such investments or underwriters, to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities to Clients. In addition, in the capacity as a member of the boards of directors of portfolio companies, a representative of Clients may become subject to fiduciary or other duties which may adversely affect Clients. For example, Clients may be unable to sell portfolio securities if a representative of EWIM is in possession of inside information relating to the issuer of the portfolio securities. Clients also may be limited to the same "window periods" for sales of loans or securities of a public portfolio company as are directors of the portfolio company if a representative of EWIM is on the board of directors of the portfolio company.
- **Business and Regulatory Risks.** Legal, tax and regulatory changes in the U.S. and outside the U.S. could occur during the term of Clients' engagement of EWIM that may adversely affect Clients. The regulatory environment for private investment vehicles is evolving, and changes in such regulation may adversely affect the value of investments held by Clients. In

addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. Legal, tax, and regulatory changes, as well as judicial decisions, could adversely affect the implementation of Clients' investment strategy. The effect of any future regulatory change on Clients could be substantial and adverse. Alternative U.S. or non-U.S. rules or legislation regulating Clients or EWIM may be adopted, and the possible scope of any rules or legislation is unknown. There can be no assurances that Clients or EWIM will not in the future be subject to regulatory review or discipline. The effects of any regulatory changes or developments on Clients may affect the way it is managed and may be substantial and adverse.

- **Cybersecurity Risk.** In addition to the risks described above that primarily relate to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to "cybersecurity" risk. Cybersecurity attacks include electronic and non-electronic attacks that include but are not limited to gaining unauthorized access to digital systems to obtain Client and financial information, compromising the integrity of systems and Client data (e.g., misappropriation of assets or sensitive information), or causing operational disruption through taking systems off-line (e.g., denial of service attacks). As the use of technology has become more prevalent, EWIM and the Client accounts EWIM manages have become potentially more susceptible to operational risks through cybersecurity attacks. These attacks in turn could cause EWIM and Client accounts (including funds) EWIM manages to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which EWIM invests, counterparties with which EWIM engages in transactions, third-party service providers (e.g., a Client account's custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. While cybersecurity risk management systems and business continuity plans have been developed and are designed to reduce the risks associated with these attacks, there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed, especially since EWIM does not directly control the cybersecurity systems of issuers or third-party service providers.
- **EWIM has a limited operating history.** EWIM is a recently formed entity that has a limited operating history, track record and assets. Accordingly, EWIM has little meaningful performance history for prospective investors to consider. Furthermore, the prior investment results of persons associated with EWIM, EWB or any other entity or person described herein are not indicative of the Client's future investment results. The strategies and management activities undertaken by EWIM may differ substantially from those strategies and management activities undertaken historically by EWB and such other persons and entities. There can be no assurance that the Client's investments will perform as well as the past investments of any such persons or entities. In addition, such past investments may have been made utilizing a leveraged capital structure, an asset mix and fee arrangements that are different from the anticipated capital structure, asset mix and fee arrangements of the Issuer. Moreover, because the investment criteria that govern investments in the Client's portfolio do not govern such other persons' or entities' strategies generally, current investments conducted in accordance

with such current criteria, and the results they yield, are not directly comparable with, and may differ substantially from, other investments undertaken by such persons or entities.

- **Combination or “Layering” of Multiple Risk Factors May Significantly Increase Risk of Loss.** Although the various risks discussed herein are generally described separately, investors should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss may be significantly increased.

Item 9. Disciplinary Information

Not applicable.

Item 10. Other Financial Industry Activities and Affiliations

Benjamin Benattar, EWIM’s Chairman, and Hale Halasy, EWIM’s Chief Compliance Officer, are registered representatives of EWM, EWIM’s affiliated broker-dealer.

EWM, is expected in some cases to be a co-arranger and co-placement agent in connection with the offer and sale of the notes issued by Client CLOs. In such cases, EWM will be paid fees and commissions for its services by the relevant CLOs. For instance, EWM acted as placement agent in the initial CLO and received fees for its services. This relationship poses a conflict of interest, in that EWIM would have an incentive to cause a CLO to agree to higher fees or commissions in order to increase revenue to its affiliate.

As noted in Item 4 above, EWIM is party to a shared services agreement, whereby EWIM and certain of its affiliates, including East West Bank and EWM, share personnel with their parent company EWB. EWIM’s initial employees are shared with EWB and East West Bank.

EWIM may use related persons to provide certain services to Clients to the extent permitted under EWIM’s applicable policies and procedures, including advisory, custodial or banking services, or may participate in the products provided or sponsored by a related person of EWIM. Any such relationships and the associated conflicts of interest would be described in detail in the CLO Documents for the relevant CLO.

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

EWIM has prepared and adopted a Regulatory Compliance Manual (the “**Compliance Manual**”) that includes a Code of Ethics (the “**Code**”) setting forth the standards of ethical and business conduct expected of our personnel and addresses conflicts that may arise from personal trading by personnel. The Code, among other things, will require compliance with the federal securities laws, reflects the fiduciary responsibilities of EWIM and its advisory personnel, prohibit certain personal securities transactions, and require personnel to periodically report their personal securities transactions and to pre-clear certain securities transactions. The Compliance Manual will also address potential conflicts of interest, insider trading and other topics. Pertinent

provisions of the Compliance Manual and the Code are discussed below, described in the present tense as both will shortly be in effect.

A copy of the Code will be provided to any Client, prospective Client or investor upon request made to EWIM by calling the telephone number on the front of this brochure.

The Code establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance, recordkeeping and reporting obligations. Officers and employees of EWIM, and their families and households, may participate in transactions for their own accounts, including the same transactions as may be made available for a Client, subject to the terms of the Code. Under the Code, officers and employees of EWIM are required to file certain periodic reports with EWIM's CCO as required by Rule 204A-1 under the Advisers Act. The Code will help EWIM detect and prevent potential conflicts of interest. The CCO monitors the administration of the Code and training provided to EWIM's officers and employees. At least annually, the CCO will review the Code will confirm that the requirements in each part have been updated appropriately.

The Code provides for exemptive relief from certain of its requirements, upon application to and approval by designated personnel.

Conflicts Related to Principal and Cross Trades. Subject to the restrictions under Section 206(3) of the Advisers Act, EWIM may engage in principal transactions between a Client and a proprietary account of EWIM or an EWIM affiliate, or a fund that is considered an affiliate because EWIM or an affiliate holds a significant interest therein. A principal transaction occurs when EWIM, acting for its own account (or the account of an affiliate) buys a security, loan or other instrument from, or sells a security, loan or other instrument to, a Client. Principal transactions may arise when an entity funded or owned by EWIM or an affiliate transfers one or more warehoused assets to a newly-launched CLO. Such transactions create conflicts of interest because EWIM may have an incentive to cause a Client to purchase assets from an affiliate or proprietary account at a price above the best price possible, or to sell assets to an affiliate or proprietary account for a price below the best price possible, to improve returns to the affiliate or the performance of the proprietary account at the expense of the Client.

To address these conflicts of interest, prior to settlement of any principal transaction, written disclosure must be provided to a Client and the Client's consent must be obtained. The written disclosure must state that EWIM is acting as principal and describe the material terms of the transaction, which generally include: (i) EWIM's original purchase price for any security or other instrument it sells to a Client; (ii) the price EWIM expects to receive on the resale of any security or other instrument it buys from a Client; and (iii) the price at which any security or other instrument could be bought or sold elsewhere when the price would be better for the Client. Such disclosure may be provided to, and consent provided on behalf of a CLO by, its independent board of directors or in such other manner as may be described in the relevant CLO Documents.

EWIM may from time to time effect cross trades, i.e., purchases or sales directly between two different Clients. For example, EWIM might arrange for a Client that is liquidating its portfolio or a particular investment to sell all or part of that investment or that portfolio to another Client that

might be building its investment portfolio. In such cases, EWIM may have conflicting responsibilities between the two Clients that are party to the trade. Subject to the terms of the relevant CLO Documents, CLO may engage in cross trades any time it believes such a transaction to be fair to and in the best interests of each of the relevant Clients.

Transaction Restrictions. EWIM employees are permitted to make securities transactions in their personal accounts, subject to certain limitations, as discussed in the response to Item 11.A. above. This poses potential conflicts, in that an employee could make improper use of information regarding a CLO's holdings or future transactions. EWIM intends to manage the potential conflicts of interest inherent in employee trading by strict enforcement of the Code, which includes pre-clearance and reporting requirements as described above.

Parallel Investments. EWIM may recommend, buy or sell investments in issuers in which it or related persons may also purchase, hold or sell other investments. EWIM policy establishes various procedures with respect to investment transactions in which EWIM's related persons have a beneficial interest that are designed to reduce the potential for conflicts of interest.

Insider Trading. The Compliance Manual includes a policy on insider trading that provides generally that no officers, directors or employees of EWIM may:

- (a) buy or sell a security either for themselves or others while in possession of material non-public information about the company, or
- (b) communicate material non-public information to others who have no official need to know.

The policy also provides guidance about what is material non-public information, lists common examples of situations in which EWIM personnel could obtain that information, and describes EWIM's procedures regarding securities maintained on a "Restricted Securities List" and for establishing information barriers.

It also identifies parties to contact with questions in connection with the requirements of the policy statements.

Item 12. Brokerage Practices

EWIM intends to achieve best execution when trading. Other goals include timely, fair and cost-effective executions, fairness to Clients, both in priority of order execution and in the allocation of the price obtained in execution of trades, and compliance with Client trading-related mandates and investment restrictions. In executing fixed income trades, such factors as price (including the applicable dealer spread), size of order, and difficulty of execution are also taken into account. Transactions are not always executed at the lowest available commission or commission equivalent, and we may effect transactions which cause the Client to pay more than another broker-dealer would have charged if we determine that the additional cost is reasonable in relation to the value of the services provided to EWIM.

EWIM is not at present party to, and does not anticipate entering into, any formal “soft dollar” arrangements or other arrangements to acquire products or services using Client brokerage commissions or counterparty spreads or other costs. However, when appropriate under our discretionary authority and consistent with our duty to seek best execution, we may execute through broker-dealers who provide unsolicited research services, which generally benefits us by saving us the time and/or expense of developing such research internally or purchasing it from other third parties. EWIM therefore has an incentive to use such broker-dealers in order to continue receiving such information. Such research would not necessarily be used to benefit all Clients or the Client(s) participating in a particular trade.

Trading and Brokerage. EWIM’s trading and brokerage policies prohibit the directing of commissions generated from Clients’ brokerage transactions to pay for Client referrals and also prohibit the making of any recommendation that “credit” be given to individual brokers within a brokerage firm.

EWIM may, when consistent with these policies and the duty to seek best execution, execute transactions through broker-dealers that have a role in finding or selling to investors in the CLOs or cause CLOs to trade with counterparties or market-makers that are affiliates of such broker-dealers. Although a broker-dealer’s role in finding or selling to CLO investors may cause EWIM to have an incentive to select such a broker-dealer or its affiliates for CLO transactions, EWIM’s policies and procedures do not permit persons responsible for such selection to consider a broker-dealer’s role in placing or selling CLO securities when making the selection.

Trade Error Policy and Procedures. Despite due care in executing transactions for Client accounts, from time to time accounts may experience trade errors. Trade errors include a variety of situations where Client assets are committed to an unintended trade, such as: a transaction is executed other than in the manner intended (e.g., buy instead of sell or purchase of wrong security or wrong amount of a security); a transaction is executed in a manner that is inconsistent with a Client-imposed or regulatory guideline (e.g., exceeding holding limits); a transaction is improperly processed (e.g., purchase in excess of available cash); or a third-party commits an error in connection with the transaction (e.g., broker-dealer delivers incorrect security at settlement).

EWIM seeks to identify and resolve potential trade errors efficiently and in the best interests of its Clients. EWIM is in the process of adopting written policies and procedures reasonably designed to reduce the risks that trade errors will occur and to identify and mitigate the impact of any trade errors that do occur. In seeking to reduce the likelihood of a trade error occurring, EWIM’s policies and procedures will include order placement protocols requiring confirmation or sign-off of trade tickets as well as a variety of automated and manual tools to identify potential trade errors during trading and post-trade.

Where possible, potential trade errors which are clerical in nature or which are identified and can be corrected prior to officially booking the transaction into relevant accounting records will be corrected through clerical correction such as canceling and rebooking a trade ticket and confirmation to, for example, reallocate a transaction to the correct account.

If a trade error is determined to be a result of EWIM's breach of the applicable standard of care that directly causes a loss to a Client, EWIM will take reasonable steps to make the Client whole for direct losses. However, in no event will a Client be reimbursed for indirect or remote losses such as lost opportunity costs. Where multiple trade errors arise from the same root cause or where multiple transactions are necessary to correct a trade error, EWIM may net gains and losses. If there is a net gain, it will be retained by the Client and if there is a net loss, EWIM will reimburse the Client in the amount of the net loss.

While EWIM will not use "soft dollars" or promises of future business to induce a broker-dealer to absorb the costs of a trade error to the extent that EWIM was responsible for the trade error, circumstances may arise where a broker-dealer was partially or wholly responsible for a trade error. In these cases, or where another third party is determined to have been responsible, in whole or in part, for a trade error, EWIM may ask the broker-dealer or other third party to bear all or part of the related costs of correcting the trade error and making impacted Clients whole. While EWIM will take reasonable steps to cause the third party to resolve such a trade error, EWIM shall not be responsible for bearing costs to the extent of a third party's responsibility.

Block Trades and Allocations. On occasion, EWIM will not be able to purchase or sell all the loans or securities ordered as part of a block order. If an order is partially filled, EWIM will generally allocate purchases pro rata as described below. Such allocations are based on the sleeve level assets when multi-strategy portfolios are included in the block order. EWIM will generally allocate sales pro rata based on holdings when there is insufficient demand. Only those accounts included in an order are considered for allocation purposes. Participation of an account in an order is based on such considerations as investment objectives, guidelines and restrictions, availability of cash, amount of existing holdings (or substitutes) of the security in the accounts, investment horizon and directed brokerage instructions, if applicable.

Notwithstanding the foregoing, a block order may be allocated on a basis different from the default pro rata allocation. Reasons for allocating on a basis different from pro rata may include among others: a Client's investment guidelines and restrictions, available cash, liquidity requirements, tax or legal considerations impacting different accounts, to avoid odd-lots, meet minimum trade lot sizes, or in cases when a pro rata allocation would result in a de minimis allocation to one or more Clients.

Item 13. Review of Accounts

EWIM will review Client portfolios on an ongoing basis to monitor performance and compliance with investment guidelines and discuss prospective investments and credit, industry and economic news and trends. Such reviews are expected to be conducted by members of the investment team and supervised by the Chief Investment Officer. Although EWIM will monitor performance, there can be no assurance that the investments will be able to generate returns for Clients or that the returns will be commensurate with the risks of investing. It is possible that investors in the CLOs will incur losses up to a complete loss of capital.

EWIM will deliver periodic written reports and other information to Clients and investors in CLOs as negotiated and set forth in the CLO Documents.

Item 14. Client Referrals and Other Compensation

EWIM does not expect to pay compensation to third-party solicitors or to affiliates for client referrals.

Investors in the CLOs may engage the services of consultants in connection with their investments and investment managers.

Item 15. Custody

EWIM will not have direct or indirect access to CLO assets, which are custodied with the independent trustee of the CLO, and therefore does not expect to have custody of Client funds or securities.

Item 16. Investment Discretion

EWIM will have discretionary trading authority for the CLOs. Our investment decisions and advice with respect to each CLO are subject to its investment objectives and guidelines as set forth in the applicable CLO Documents. Also see Item 4 for a further description of our authority over Client accounts.

Item 17. Voting Client Securities

With respect to the loan portfolios held by CLOs, EWIM expects that it will be asked to consent to waivers or amendments of credit agreements or to make elections with respect corporate reorganizations. If a CLO should hold voting securities (e.g., because of a foreclosure or reorganization), EWIM will have responsibility for voting proxies in connection with its investment advisory duties.

In order to provide a basis for making decisions in the voting of proxies for its Clients, EWIM has adopted a proxy voting policy and related procedures. EWIM may use an outside proxy voting service (“**Outside Service**”) to help manage the proxy voting process. All proxy voting and record keeping by EWIM is dependent on the timely provision of proxy ballots by custodians, Clients and other third parties. Under specified circumstances described below involving potential conflicts of interest, EWIM may request an Outside Service to help decide certain proxy votes. Clients will not generally be able to direct the vote or decision in any particular solicitation.

Proxy Voting Philosophy. The guiding principle by which EWIM exercises proxy voting decisions is to vote in a manner reasonably designed to best serve the interests of Clients by maximizing the economic value of each Client’s holdings, taking into account the relevant Client’s investment horizon and objectives and other relevant facts and circumstances at the time of the vote. Similarly, in the case of requests for consent amendments of or waivers under loan documentation, EWIM will evaluate such requests and elections in accordance with its policies

and procedures with a view to acting in a manner reasonably designed to best serve the interests of the relevant Client and avoids any negative impacts on such Client, taking into account, among other possible considerations, the impact on the Client's economic interests, anticipated fees, costs and expenses, standard industry and business practices and any conflicts of interest that may arise. EWIM may abstain from voting if it deems that abstaining is in its Client's best interests. EWIM believes that its investment personnel who are primarily responsible for evaluating the individual holdings of EWIM's Clients are in the position to best make proxy voting and consent determinations, under the supervision of the Chief Investment Officer.

Conflict Resolution. If the Chief Investment Officer (or his designee) determines that a material conflict may exist between a CLO's interests and EWIM's interest or between two or more CLOs' interests, the Chief Investment Officer (or his designee) shall inform the Chief Compliance Officer of such material conflict, and the Chief Compliance Officer shall then determine the appropriate course of action deemed reasonably necessary to ensure the vote or decision is made in the best interests of the relevant Client(s). Such course of action may, but would not necessarily, include consulting with or delegating voting or consent to independent consultants or professionals.

Item 18. Financial Information

Item 18 is not currently applicable to EWIM.

Item 19. Requirements for State-Registered Advisers

Item 19 is not currently applicable to EWIM.