

FORM ADV – PART 2A

NEWSTONE CAPITAL PARTNERS, LLC

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February 14, 2012

This brochure provides information about the qualifications and business practices of Newstone Capital Partners, LLC (“Newstone”). If you have any questions about the contents of this brochure, please contact us at 310-689-1710. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Newstone is available on the SEC’s website at www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT NEWSTONE OR ANY OF THE PRINCIPALS OR EMPLOYEES OF NEWSTONE POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY OR ANY OTHER BUSINESS.

Material Changes

This brochure, dated as of February 14, 2012, has been prepared in connection with Newstone's registration with the SEC as an investment adviser. In the future, this Item 2 will set forth a brief summary of any material changes to our disclosure since our last annual update.

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Advisory Business

Newstone Capital Partners, LLC (“Newstone”) is a Delaware limited liability company that commenced providing advisory services in May of 2006. The principal owners of Newstone are John C. Rocchio and Timothy P. Costello.

Newstone provides the services described below to its advisory clients, which are private investment funds (collectively, the “Newstone Funds”). A related person of Newstone generally acts as general partner or manager of each Newstone Fund, and Newstone acts as investment advisor to each Newstone Fund. References to Newstone in this brochure include, as the context requires, affiliates through which Newstone provides investment advisory services or that act in any capacity referenced in the previous sentence.

Newstone’s investment advisory business is principally focused on privately placed mezzanine investments, generally consisting of subordinated debt with some form of equity participation, and may also include senior notes, second-lien debt, preferred stock or high-yield bonds of principally larger middle-market companies in a variety of industries, locations, stages and styles. The combined debt and equity investments may, from time to time, result in a Newstone Fund having representation on the boards of directors of the companies in which it invests and providing significant input into major financial and business decisions of such companies. The Newstone Funds generally invest in privately-held portfolio companies, but may also make investments from time to time in companies whose securities are publicly traded.

Newstone tailors its advisory services to the specific investment objectives and restrictions of each Newstone Fund set forth in such Newstone Fund’s limited partnership agreement, confidential private placement memorandum, investment management agreement and/or other governing documents (collectively, the “Governing Documents”). Investors and prospective investors of each Newstone Fund should refer to the Governing Documents of the applicable Newstone Fund for complete information on the investment objectives and investment restrictions with respect to such Newstone Fund. There is no assurance that any of the Newstone Funds’ investment objectives will be achieved.

In accordance with common industry practice, one or more of the Newstone Funds or their general partners may enter into “side letters” or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally. Such agreements will be disclosed only to those actual or potential investors in a Newstone Fund that have separately negotiated with the general partner of such Newstone Fund for the right to review such agreements.

Newstone does not participate in any wrap fee programs.

Newstone manages all assets of the Newstone Funds on a discretionary basis in accordance with the terms and conditions of each Newstone Fund’s Fund Agreement. As of December 31, 2011, the amount of regulatory assets that Newstone manages on a discretionary basis was approximately \$1,315,300,000.

Fees and Compensation

Fee Schedules

All investors and prospective investors should review the Governing Documents of the relevant Newstone Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular Newstone Fund. Different Newstone Funds may be subject to different management fees and performance-based compensation arrangements. In limited circumstances, the advisory fees payable to Newstone by individual investors in the Newstone Funds may be negotiable. Investors and prospective investors in each Newstone Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. All clients are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), and therefore Newstone has not included specific fee information in response to this Item.

Deduction of Fees; Timing of Payments; Termination

As a general matter, Newstone will charge and deduct advisory fees directly from the Newstone Funds pursuant to the terms of the Governing Documents.

Payment of advisory fees is generally made quarterly in advance and in accordance with the terms of the Governing Documents. Please refer to the Governing Documents of each of the Newstone Funds for complete information on the timing of advisory fee payments.

The agreement pursuant to which Newstone provides advisory services to a Newstone Fund may generally only be terminated upon the termination of the limited partnership agreement of such Newstone Fund. Accordingly, the Governing Documents of each Newstone Fund do not contain any provision for refunds of any advisory fees.

Other Fees and Expenses

In addition to the advisory fees payable to Newstone, each Newstone Fund will incur certain charges imposed by third parties, including, but not limited to, (a) expenses incurred in the offering of partnership interests in the Newstone Fund; (b) fees and expenses of administrators, custodians, outside counsel, consultants, accountants and other similar outside advisors; (c) costs and expenses incurred in pursuing any transaction by, for or on behalf of the Newstone Fund (regardless of when incurred and whether such transaction is consummated), including any unreimbursed travel expenses; (d) costs and expenses incurred in holding, managing or selling portfolio investments or temporary investments; (e) costs and expenses of reporting to the limited partners of the Newstone Fund and of any meetings of the limited partners and any advisory committee; (f) any taxes, fees or other governmental charges levied against the Newstone Fund; (g) all expenses incurred by the tax matters partner (including professional fees for such accountants, attorneys and agents as the tax matters partner in its discretion determines are necessary to or useful in the performance of its duties in that capacity); (h) all other

costs and expenses as provided in the Governing Documents of the Newstone Fund (such as costs of insurance, litigation, winding up and liquidation). The organizational expenses (generally up to a capped amount as provided in the relevant Newstone Fund's Governing Documents) of the Newstone Fund, are paid by the Newstone Fund.

The section below titled "Brokerage Practices" describes the factors Newstone considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

Transaction-Based Compensation

Neither Newstone nor its supervised persons will receive any compensation with respect to the purchase or sale of securities or other investment products by any of the Newstone Funds. Please refer to the subsection titled "*Economic Benefits Received from Third Parties*" below for information on other types of compensation that Newstone may receive with respect to investments by the Newstone Funds.

Performance-Based Fees and Side-by-Side Management

Performance-Based Fees

A related entity of Newstone, as general partner of each Newstone Fund, will typically receive certain allocations from such Newstone Fund that are calculated and charged based on a share of capital gains on or net income (including interest payments from portfolio companies) from the assets of such Newstone Fund. Such allocations may be disproportionate relative to the capital contribution that the general partner makes to such Newstone Fund. Such performance-based allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the "Advisers Act") to the extent required thereunder. Any share of profits allocated or distributed to a general partner or affiliate of a Newstone Fund is separate and distinct from the advisory fees charged by Newstone to such Newstone Fund for advisory services.

Arrangements regarding performance-based allocations received by related persons of Newstone may create an incentive for Newstone to select investments that may be riskier or more speculative than those that would be selected under a different fee arrangement.

Side-by-Side Management

The Newstone Funds do not currently, but may in the future, be subject to different performance-based compensation arrangements. If Newstone or an affiliate is entitled to receive a higher percentage of the net profits and income of the account of one Newstone Fund than the percentage that Newstone or an affiliate receives from another Newstone Fund, then Newstone may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the Newstone Fund that is subject to the higher percentage.

Types of Clients

Types of Clients

Newstone provides advice to the Newstone Funds, each of which is a pooled investment vehicle. The limited partners of the Newstone Funds may include high net worth individuals, corporations, funds of funds, financial institutions, endowments, foundations, trusts, estates, sovereign wealth funds, and public and private pension and profit sharing plans.

Newstone and/or its affiliates may establish certain alternative investment vehicles, parallel funds and/or special purpose vehicles (collectively, “AIVs”) for the purpose of addressing tax, regulatory and/or structural issues, and/or facilitating certain investments by one or more Newstone Funds and/or investors. Prospective investors are requested to refer to the Governing Documents of the applicable Newstone Fund for complete details on any AIV that may be established by such Newstone Fund and such Newstone Fund’s ability to make investments through AIVs.

Minimum Investment Requirements

Newstone and its related persons require that each limited partner in each of the Newstone Funds be an “accredited investor” as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act.

In general, the minimum investment commitment required of an institutional limited partner to participate in a Newstone Fund is \$5,000,000; however, the general partner of each Newstone Fund has discretion to increase or reduce the minimum investment commitment. Investors are requested to refer to the Governing Documents of each Newstone Fund for complete information on minimum investment requirements for participation in a particular Newstone Fund.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy

As noted above, Newstone’s primary investment strategy is to seek high risk-adjusted return with the potential for longer-term capital appreciation by making investments primarily in larger middle-market companies in a variety of industries, locations, stages and styles, through subordinated debt or preferred stock with some form of equity participation, as well as senior notes, second-lien debt or high-yield bonds.

Methods of Analysis

Newstone analyzes each potential investment using a comprehensive, risk-based investment valuation analysis and an intensive due diligence process. The Partnership’s strategy will seek to minimize losses through vigorous in-depth, bottom-up research prior to making an investment. Newstone evaluates the fundamental creditworthiness of each

potential portfolio company, analyzing factors that may include: profitability, free cash flows, leverage, market position, operating metrics, benchmarks, internal controls, financial reporting and the experience of management teams and sponsors. In addition to such quantitative analysis, Newstone generally conducts comprehensive qualitative reviews of a company's strategy, industry, competitors, regulation, market forces and product life cycle, as well as on-site due diligence of company operations, contact with suppliers and customers, and a review of management's historical track record of operating within budget. After completion of the investment, Newstone actively manages investments by analyzing monthly, quarterly and annual financial statements, directly communicating with management teams on a regular basis and, in many cases, serving as either directors or board observers.

Material Risks

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that Newstone will be able to choose, and the Newstone Funds will be able to make and/or realize any particular investment or that the Newstone Funds will be able to generate returns for their investors. In addition, there can be no assurance that any investor will receive any distribution from a Newstone Fund. Investing in the Newstone Funds involves a risk of loss that investors should be prepared to bear. Investors in the Newstone Funds are requested to refer to the Governing Documents of the applicable Newstone Fund for complete information on investment strategies employed by such Newstone Fund and the corresponding risks associated with such investment strategies. Investors in the Newstone Funds should carefully consider, among other factors, the following material risks involved with Newstone's investment strategies:

Nature of Debt Securities. The securities in which the Newstone Funds will invest, by the nature of their issuers' leveraged capital structures, will involve a high degree of financial risk. These securities may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. In addition, these securities may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called "lender liability" claims by the issuer of the obligations, and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. Accordingly, there can be no assurance that the Newstone Funds' rate of return objectives will be realized or that an investor will receive a return of any of its capital.

Market and Credit Risks of Debt Securities. Portfolio companies with debt securities are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. "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.

Risk of Leverage. The Newstone Funds do not use leverage. The Newstone Funds' investments are expected to include companies whose capital structures may have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Additionally, the securities acquired by the Newstone Funds may be relatively junior in what will typically be a complex capital structure, and thus subject to a greater risk of loss.

Illiquid and Long-Term Investments. Generally, the Newstone Funds' investments will be highly illiquid, and there can be no assurance that the Newstone Funds will be able to realize such investments in a timely manner. Distributions in kind of illiquid securities to the partners of the Newstone Funds may be made. Investments are subject to the risk that the Newstone Funds will be unable to dispose of such investments by sale or other disposition at attractive prices or otherwise be unable to complete a realization or "exit" strategy. Although it is intended that investments by the Newstone Funds generate current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition of such investment. While an investment may be sold at any time, any such sale will occur typically a number of years after the investment is made. The Newstone Funds will generally not be able to sell securities of their portfolio companies unless such sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Newstone Funds may be prohibited by applicable law, contract or otherwise from selling certain securities for a period of time.

Foreign Investing and Currency Exchange Risk. The Newstone Funds may invest in companies whose principal executive offices or corporate headquarters are outside of the U.S. Although Newstone believes that investing in foreign jurisdictions may offer significant potential for appreciation, prospective investors should recognize that there are risks inherent in investing in any foreign jurisdiction. Risks associated with investment in any foreign jurisdiction may include the following: the unpredictability of international trade patterns; the possibility of governmental actions adverse to business generally or to foreign investors in particular; the 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; the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements; governmental influence on the national and local economies; and fluctuations in currency exchange rates. In addition, investments of the Newstone Funds in securities or obligations of non-U.S. issuers, if any, 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. The Newstone Funds may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, and the level of gains and losses realized on the sale of securities. The Newstone Funds are not obligated to engage in any currency hedging operations, and there can be no assurance as to the success of any hedging operations that the Newstone Funds may implement.

Lack of Diversification. Although the Newstone Funds are subject to certain concentration limits, the Newstone Funds' portfolios may include a smaller number of large positions. As a consequence, the aggregate return to investors could be substantially adversely affected by the unfavorable performance of even a single investment.

Risk Arising from Provision of Managerial Assistance. The Newstone Funds may designate Newstone personnel to serve on the boards of directors of the Newstone Funds' portfolio companies. Although such positions may be important to the Newstone Funds' investment strategies and may enhance the general partners' of the Newstone Funds' ability to manage the Newstone Funds' investments, they also may have the effect of impairing the Newstone Funds' ability to divest its interest in such companies when, and upon the terms, it may otherwise desire. The designation of directors and other measures contemplated could also expose the assets of the Newstone Funds to claims by a portfolio company, its security holders and its creditors and/or indemnification obligations in connection therewith. While the general partners of the Newstone Funds intend to manage the Newstone Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be fully precluded. The general partners of the Newstone Funds and others are indemnified in connection with such litigation, subject to certain conditions.

Controlling Interests in Portfolio Companies. Although the Newstone Funds have a non-control investment orientation, it is possible that because of their ownership positions, representation on the board of directors and/or contractual rights, the Newstone Funds may, from time to time, be thought to control, participate in the management of or influence the conduct of portfolio companies. This could potentially expose the Newstone Funds' assets to claims by a portfolio company, its other security holders, its creditors or governmental agencies.

Contingent Liabilities Following Dispositions. In connection with the disposition of an investment, the Partnership may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. The Partnership also may be required to indemnify the purchasers of such investment with respect to certain matters, including the accuracy of such representations. These arrangements may result in contingent liabilities, for which the Partnership may establish reserves or escrow arrangements and such liabilities may result in Partners being required to return distributions to satisfy such obligations.

Need for Follow-On Investments. The Newstone Funds may be called upon to provide follow-on funding to their portfolio companies or may have the opportunity to increase their investment in a portfolio company. There is no assurance that the Newstone Funds and their co-investors will wish to make such follow-on investments or that the Newstone Funds and their co-investors will have sufficient capital to do so. The Newstone Funds' decision not to make a follow-on investment or their inability to do so may have an adverse impact on such portfolio company in need of such an investment or may diminish the Newstone Funds' proportionate ownership in such portfolio company and thus their ability to influence such portfolio company's future development and it could have a significant negative impact on the Newstone Funds' investment.

Certain Litigation Risks. The Newstone Funds will be subject to a variety of litigation risks, particularly due to the substantial likelihood that one or more portfolio companies will face financial or other difficulties. The Newstone Funds may also participate in portfolio company financings at implicit valuations lower than the valuations implicit in preceding rounds of financing. Legal disputes, involving the Newstone Funds or their general partners, may arise from the foregoing activities (or any other activities relating to the operation of the Newstone Funds or their general partners) and could have a significant adverse effect on the Newstone Funds.

Disciplinary Information

Newstone and its principals have not been the subject of any material legal or disciplinary proceeding required to be disclosed in response to this item.

Other Financial Industry Activities and Affiliations

Registered Broker-Dealers

Neither Newstone nor any of its management persons is registered as a broker-dealer or a registered representative of a broker-dealer. In addition, neither Newstone nor any of its management persons is affiliated with any broker-dealer, bank or other financial services firm.

Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors

Neither Newstone nor any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Relationships with Related Persons

As discussed in the section titled "Participation or Interest in Client Transactions; Personal Trading," Newstone and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of each of the Newstone Funds. Newstone and its related persons manage multiple Newstone Funds. This can create conflicts in the allocation of time, resources and investment opportunities among

the Newstone Funds. Please refer to the Governing Documents of the relevant Newstone Fund for complete information on the requisite time commitments (if any) of Newstone and its related persons to the Newstone Funds and the allocation of investment opportunities among the Newstone Funds. Please also refer to the description of Newstone's investment allocation policy described in the subsection "Side-by-Side Management" above.

Employees of Newstone and its affiliates may serve as directors, board observers or credit committee members for portfolio companies in which the Newstone Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith, as described below under "*Economic Benefits Received from Third Parties*". Employees of Newstone and its affiliates may be given access to confidential information relating to companies in which the Newstone Funds invest. As a result, a Newstone Fund may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of such a portfolio company, which prohibition may have an adverse effect on such Newstone Fund.

Selection or Recommendation of Other Advisers

Newstone does not recommend or select other investment advisers for its clients and receive compensation from such advisers in a manner that would create a material conflict of interest. Newstone does not have other business relationships with other advisers that create a material conflict of interest.

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

Code of Ethics

Newstone has adopted a code of ethics under Rule 204A-1 of the Advisers Act ("Code of Ethics") expressing Newstone's commitment to ethical conduct. Newstone's Code of Ethics describes the fiduciary duties of Newstone and its supervised persons and their responsibilities to Newstone's clients. Under Newstone's Code of Ethics, Newstone has a duty of good faith to act in the best interests of the Newstone Funds and all Newstone supervised persons are required to promptly report all suspected or apparent violations of the Code of Ethics to Newstone's Chief Compliance Officer ("CCO"). All supervised persons must acknowledge receipt of the Code of Ethics and any amendments thereto.

The Code of Ethics contains policies and procedures with respect to personal securities transactions by employees and related accounts that are designed to prevent front-running, scalping, the misuse of inside information and other improper activities. Employees must report all personal transactions to the CCO (or a designee) on at least a quarterly basis. The CCO (or a designee) monitors all transactions by employees in order to identify any pattern of conduct that may evidence conflicts or potential conflicts with the principles and objectives of the Code of Ethics, or other inappropriate behavior.

Newstone will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions; Personal Trading

As general partners, limited partners or managing members of the general partners or managers of each of the Newstone Funds, Newstone and its related persons have indirect beneficial interests in the securities owned by the Newstone Funds and will share in any profits and losses generated by the Newstone Funds' investments. All such transactions are subject to compliance with Newstone's Code of Ethics as described above and the governing documents of the applicable Newstone Funds.

Newstone and/or certain related persons of Newstone may, on rare occasions, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain Newstone Funds in connection with certain "warehousing" transactions, provided that the sale is consistent with Newstone's fiduciary obligations to the Newstone Funds. Such transactions will be fully disclosed and the written consent of the appropriate Newstone Fund (which, in certain circumstances, may be provided by the Newstone Fund's advisory committee) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act to the extent that such transactions constitute "principal transactions" under Section 206(3).

Newstone may cause a Newstone Fund to engage in "cross transactions" via the purchase or acquisition of a security from, or the sale or transfer of a security to, another client of Newstone, provided that the transfer is consistent with Newstone's fiduciary obligations to each Newstone Fund participating in the cross transaction. Newstone has a potentially conflicting division of loyalties and responsibilities regarding both parties to any cross transactions. Where required by applicable law, any such transaction will be approved in advance by the client in accordance with Section 206(3) of the Advisers Act.

Brokerage Practices

With respect to those limited instances in which the Newstone Funds purchase or sell or distribute publicly traded securities through a broker-dealer, Newstone will generally have discretionary authority to select the broker or dealer to be used to execute transactions in such securities on behalf of the Newstone Funds and negotiate the commission cost to be paid. Newstone seeks to obtain best execution by considering all relevant facts and circumstances, including the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker's execution abilities, commission rates, and financial responsibility and responsiveness. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

Research and Soft Dollar Benefits

Newstone does not generally have any soft dollar arrangements with respect to securities transactions for the Newstone Funds.

Any research services and/or other products or services that are provided to Newstone by brokers and dealers may be used for the benefit of all clients of Newstone and do not necessarily benefit solely the client from which the commissions were generated. The receipt of research and/or other products or services is not directly connected to the recommendation of brokerage services to a Newstone client, but does create a potential conflict of interest of which investors should be aware in assessing Newstone's choice of broker-dealers.

Brokerage for Client Referrals

Subject to Newstone's obligation to seek best execution of all transactions for its clients, Newstone may consider referrals of investors in determining its selection of broker-dealers. Accordingly, Newstone may have an incentive to select or recommend a broker-dealer based on its interest in receiving investor referrals. Any such determinations will be made in accordance with Newstone's fiduciary obligations to its client and Newstone's compliance policies and procedures.

Trade Aggregation

Although Newstone does not often trade in public securities, in such circumstances Newstone will, to the extent possible, generally place a combined order for two or more advisory clients engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating clients' Governing Documents, and otherwise in the best interests of such clients.

Review of Accounts

Review of Client Accounts

Through detailed monthly analysis of financial performance, representation on portfolio company board of directors and frequent contact with management, Newstone closely monitors the performance of every portfolio company on behalf of the Newstone Funds. All information provided by portfolio companies is documented and analyzed by the investment team. On a quarterly basis, Newstone completes a detailed review of all portfolio companies in relation to historical and budgeted performance. Investments are continuously reviewed in the context of each Newstone Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Newstone Fund. Members of the Newstone investment committee, comprised of the co-founders, meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the Newstone Funds.

Reports to Clients

The general partner or manager of each Newstone Fund distributes quarterly and annual written reports to the limited partners of such Newstone Fund. Annual reports generally contain audited financial statements of the Newstone Fund, an annual report providing a description of the Newstone Fund's business and investments and an individual capital account statement as of the end of such fiscal year. The quarterly reports generally contain summary financial and other information on the Newstone Fund for the fiscal quarter.

Please refer to the Fund Agreement of the relevant Newstone Fund for further information on the reports provided by a particular Newstone Fund to its investors.

Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

As is discussed in “*Fees and Compensation*” above, Newstone and its affiliates or employees may receive directors, commitment, monitoring, advisory, success, break-up and/or similar fees or other remuneration from portfolio companies in which one or more of the Newstone Funds may invest or propose to invest. To mitigate potential conflicts of interest, Newstone will generally offset such benefits against advisory fees payable by the applicable Newstone Fund or otherwise remit such benefits to the limited partners of such Newstone Fund in accordance with such Newstone Fund's Governing Documents. Investors are requested to refer to the Governing Documents of each of the Newstone Funds for complete information on the additional compensation received by Newstone or its affiliates or supervised persons in connection with a particular Newstone Fund's investments and the amount of the applicable advisory fee offset.

Third Party Compensation for Client Referrals

Newstone and related persons of Newstone may enter into compensation arrangements with unaffiliated placement agents or third parties for introducing investors to a Newstone Fund. Any sales charge associated therewith will ultimately be payable by Newstone and/or its related persons, either directly or through an offset of the advisory or management fee payable by the relevant Newstone Fund to Newstone. An investor will not be charged any additional amount or bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party. Moreover, as described above, Newstone may consider referrals of investors to the Newstone Funds in determining its selection of broker-dealers for securities transactions.

Custody

Newstone will not have physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, Newstone will be deemed to have custody of the assets of the Newstone Funds as a result of its position as an affiliate of the general partner or manager of each Newstone Fund.

It is Newstone's general policy to (i) cause each Newstone Fund with assets over which Newstone is deemed to have "custody" to distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited by an accountant subject to regular inspection by the Public Company Accounting Oversight Board, to investors annually and no later than 120 days after the end of each fiscal year and (ii) upon the final liquidation of any such Newstone Fund, obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Newstone Fund to all investors promptly after completion of the audit.

Investment Discretion

Subject to the investment objectives, policies and restrictions of each Newstone Fund as set forth in the Fund Agreement of such Newstone Fund, Newstone has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Newstone Fund, including the selection of, and commissions paid to, broker-dealers. Newstone generally enters into a written management agreement with each client granting such authority.

Voting Client Securities

Newstone has adopted policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 under the Advisers Act. These policies and procedures are designed to ensure that proxies received with respect to securities in client accounts for which Newstone exercises voting discretion are voted in the best interests of such clients and that Newstone maintains records of its proxy voting in compliance with the Advisers Act.

Unless otherwise instructed by a client, Newstone will vote client proxies consistent with guidelines that Newstone has adopted and that Newstone believes reflect the best interests of its clients, after taking into consideration all relevant facts and circumstances at the time of the vote.

Newstone will provide to any client or prospective client at no cost a copy of its voting policies and procedures and information regarding how such client's proxies have been voted in the past.

Financial Information

Newstone has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.