
Item 1: Cover Page



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Form ADV Part 2A – Firm Brochure

March 27, 2014

This brochure (the “Brochure”) provides information about the qualifications and business practices of New Heritage Capital LLC (“Heritage”). If you have any questions about the contents of this Brochure, please contact us at (617) 439-0688. 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.

Heritage is registered as an “investment adviser” with the SEC. Registration with the SEC does not imply any level of skill or training.

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

Item 2: Material Changes

Since our last brochure dated March 30, 2013, the following material changes have taken place:

Heritage launched and had closings on two new related funds: New Heritage Capital Fund, L.P. and New Heritage Capital Fund-B, L.P. Heritage also liquidated and wound down two funds: O.S. Fund, L.P. and O.S. Fund Direct, LLC.

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Item 4: Advisory Business

New Heritage Capital LLC (“Heritage”) manages private equity funds (collectively the “Funds”), that invest in operating companies. Heritage’s strategy is to invest equity capital in primarily private, founder-owned, lower middle-market businesses for the purpose of providing shareholders with liquidity and/or growth capital to expand their businesses. Heritage has the responsibility and authority for the selection of investments and management of the Funds. On a limited basis, Heritage also provides non-discretionary investment management to institutional accounts that invest directly in the operating companies that the Funds invest in. Collectively, the institutional accounts and the Funds are referred to as our “Clients”.

Certain Heritage funds were formed for the purpose of investing in a single portfolio company. These funds include Heritage-Centra Fund, L.P., Heritage-Centra Fund Ontario, L.P., Heritage REACH Fund, L.P., Heritage-PT Fund, L.P., and Heritage-PT Fund-B, L.P. (collectively, the “Single Purpose Funds”). Other Heritage funds were formed for the purpose of investing in multiple portfolio companies. These funds include New Heritage Capital Fund, L.P. and New Heritage Capital Fund-B, L.P. (collectively, the “Pooled Investment Funds”).

Heritage was formed in 2006 and is solely owned by Mark Jroff, Managing General Partner. The Funds are structured as limited partnership or limited liability company vehicles, in which the investors are passive limited partners or members, and a Heritage affiliate serves as the general partner or manager, respectively.

As of December 31, 2013, Heritage has \$258.1 million in assets under management, (\$250.0 million in discretionary assets under management and \$8.1 million in non-discretionary assets under management). Assets under management is defined as the current net asset value of the investments of all Clients (including any escrowed dollars, but not including prior distributions) as of December 31, 2013 plus capital committed but not yet contributed.

Item 5: Fees and Compensation

Heritage’s fee and compensation arrangements may vary among Funds. The specific terms of such arrangements are set forth in each Fund’s governing documents among the applicable general partner and the investors in such Fund. The below provides a general summary of Heritage’s fees and compensation.

Management Fees

As compensation for the investment management and administrative services it provides to its Clients, Heritage typically assesses a management fee from each Fund. Different Heritage Clients may have different fee arrangements. Heritage’s Single Purpose Funds charge an annual management fee equal to 1% of the original cost basis of any portfolio securities then held by the Clients and are billed semi-annually in advance to investors. Heritage’s Pool Investment Funds charge an annual management fee equal to 2% of the Fund’s committed capital and are billed quarterly in advance to investors. The management fee for the Pooled Investment Funds will subsequently “step down” to 2% of the cost basis of existing portfolio companies after the investment period ends.

For its Pooled Investment Funds, Heritage may opt to waive a portion of its management fee, and any waived portion of such management fee is contributed to the Funds and is treated as a deemed capital contribution by the general partner. Any such contribution reduces the amount of capital contributions the general partner would otherwise be required to contribute to the Funds.

Performance Fees

Heritage affiliates which serve as general partners have entered into performance-based fee arrangements with its Clients. Such fees entitle Heritage to a share of the capital appreciation of the Client's assets, or "carried interest," and is contingent on achieving certain investment performance hurdles. Performance fees are subject to individualized negotiation with the limited partners investing in each Fund. Please refer to Item 6 – *Performance Fees and Side-by-Side Management*.

Portfolio Company Fees

Heritage and its employees may serve on boards of directors and perform management, advisory, transaction-related, and other services. Subject to each Fund's governing documents, Heritage may be compensated for these services and the compensation may include monitoring fees, director fees, transaction fees, break-up fees and other fees from portfolio companies and prospective portfolio companies of the Funds. For its Pooled Investment Funds, management fees paid by the Funds are offset, or reduced, by a portion of such fees.

Consistent with the applicable Funds' governing documents, Heritage may incur certain expenses (including travel expenses, lodging, and other direct expenses), and a portfolio company may reimburse Heritage for those expenses incurred in connection with its performance of services for a portfolio company, and such reimbursements are not subject to the offset provision described above.

Other Fees and Expenses

As provided in each Fund's governing documents, Heritage will pay out of its management fees all normal overhead expenses, including compensation for its employees, rent, utilities and other such expenses. Each Client will bear certain other fees, expenses and costs related to the Funds which may include but are not limited to legal, consulting, accounting and auditing expenses; taxes or filing fees; expenses related to limited partner reporting and meetings; insurance, indemnity or litigation expenses related to the Fund's activities; investment banking, consulting and other professional fees related to acquisition or sale of fund's assets that are not paid by portfolio companies, including broken deal expenses for transactions not consummated.

Item 6: Performance Fees and Side-by-Side Management

As discussed in Item 5 – *Fees and Compensation*, an affiliate of Heritage, as the general partner of a Fund, may be eligible to receive performance-based compensation, sometimes referred to as "carried interest." The specific terms of such performance-based compensation varies among the Funds and are set forth in each Fund's governing documents. Generally, carried interest is equal to a percentage of the Fund's net profits. Before carried interest is charged, 100% of a

Fund's proceeds are distributed to limited partners until each investor has received, first, a return of its capital, costs and share of any write-downs, and second, a preferred return, generally an 8% per annum cumulative annually compounded rate of return.

Current investors and prospective investors should note that performance-based fee arrangements, in some contexts, can create an incentive for an adviser such as Heritage to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. However, the long-term nature of private equity fund investing mitigates such risk because "carried interest" is calculated based on realized, not unrealized gains. At this time, we do not offer advisory services to clients who do not pay performance-based compensation, and therefore, we do not have an incentive to favor performance-based fee accounts over non-performance-based fee accounts.

The general partner for each Fund is affiliated with Heritage through common ownership and control. The general partner of each Fund will generally participate in the Fund's investments by investing assets directly in the Fund. In addition, Heritage may in the future make co-investment opportunities available to its employees and current or prospective investors. These co-investments may or may not have fees and compensation associated with them. Allocation of such opportunities may create a conflict of interest as they are, by nature, limited and participation is not possible for all or even most investors in the Funds. As such, Heritage has the discretion to allocate available co-investment opportunities in the manner that it determines to be in the best interest of the Funds.

Item 7: Types of Clients

Heritage provides investment advice to Funds generally organized as limited partnerships or limited liability companies in which an affiliate of Heritage serves as the general partner or manager and to a limited number of non-discretionary institutional accounts. Investors in the Funds may include public pension plans, fund of funds, corporate pension plans, universities, foundations, family offices, insurance companies, other financial institutions and accredited investors.

Generally, the minimum investment for its Pool Investment Funds that Heritage accepts is \$5.0 million. In its discretion, Heritage may accept an investment in a lesser amount. Prior to investing in a Fund, an investor is required to complete a subscription agreement and investor qualification statement containing representations needed to establish the investor's eligibility to invest in a Fund.

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

Methods of Analysis and Investment Strategies

Heritage, invests equity capital in primarily private, founder-owned, lower middle-market businesses for the purpose of providing shareholders with liquidity and/or growth capital to expand their businesses. Clients may hold either a majority or minority of the voting equity of the businesses they invest in. The investment strategies used by Heritage in formulating investment advice to Clients include: selecting and investing in privately held operating companies with the

objective of achieving positive long-term investment returns; monitoring such investments; reporting on ongoing progress; and assisting in the realization of returns over the life of such investments.

Potential investment opportunities are subject to a rigorous due-diligence process. Due-diligence procedures typically include financial and operating reviews, industry and competitive analysis, legal diligence, other technical reviews, in-person management meetings and key management background checks. Heritage's principal sources of information with respect to investments in privately held operating companies typically include private offering memoranda prepared by the companies, company financial statements, personal interviews and visits with company management, industry reports and publications, diligence and consulting reports, and other publicly available information and a detailed review of the companies' documents and records. The due diligence process is designed to verify our investment thesis by thoroughly understanding the portfolio company's strategy, market position, operations and management expertise.

Risk of Loss

Investing in privately held operating companies involves significant risks, including risk of loss that Clients should be prepared to bear. These risks include but are not limited to:

Nature of Investment. An investment in a Fund requires a long-term commitment, with no certainty of return. The Fund is unlikely to generate any current cash flow to its investors. Most of the Fund's investments will be illiquid, and there can be no assurance that the Fund will be able to realize on such investments in a timely manner. Dispositions of such investments may require a lengthy time period or may result in distributions in kind to the investors. The Fund typically will acquire securities that cannot be sold unless the portfolio company goes public or an exemption from applicable securities laws is available.

Leveraged Investments. A Fund's investments are expected to be in businesses with high levels of debt, including in leveraged buyouts. Leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses.

Limited Number of Investments. A Fund may make a limited number of investments, and since a Fund's investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the investors.

Prior Performance Not Indicative of Future Results. The performance of prior investments by Heritage Funds is not necessarily indicative of the results that will be achieved by a new Fund. There can be no assurance that a Fund will achieve its investment objectives.

Non-Controlling Investments. Heritage expects its Funds to make equity investments in portfolio companies where it will lack the ability to control the direction of the company. Such a portfolio company may have economic or business interests or goals that are inconsistent with those of the Fund. Although as a condition of making such investments, it is expected that appropriate equity holder rights will be sought to protect the Fund's investment, the Fund may

nevertheless not be in a position to protect the value of its investment in the company to the extent that it would in an investment where the Fund held majority voting control.

Restrictions on Transfer and Withdrawal. The interests in the Funds have not been registered under the Securities Act or any other applicable securities laws. There is no public market for the interests and none is expected to develop. The interests are not transferable except with the consent of the General Partner, which generally may be withheld by the General Partner in its sole discretion, and subject to the terms and conditions of the partnership agreement. Investors generally may not withdraw capital from the Funds. Consequently, investors may not be able to liquidate their investments prior to the end of a Fund's term.

Competitive Market. The business identifying, negotiating, acquiring, monitoring, managing and selling investments is highly competitive. The Funds encounter competition for investments against other groups, including other private equity funds and strategic investors. The General Partner may be unable to identify a sufficient number of attractive investment opportunities for a Fund to meet its investment objectives.

Dependence on Key Personnel. The success of a Fund depends in substantial part on the skill and expertise of the general partner, its investment professionals and other affiliated personnel. There can be no assurance that the investment professionals or those other persons will continue to be active in a Fund's affairs throughout the life of a Fund. The loss of key personnel could have a material adverse effect on a Fund.

No Right to Control the Operations of the Fund. Investors will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of a Fund. In order to safeguard their limited liability for the liabilities and obligations of the Fund, investors must rely entirely on the general partner to conduct and manage the affairs of a Fund.

Risks Upon Disposition of Investments. In connection with the disposition of an investment in a portfolio company, a Fund 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, or may be responsible for the contents of disclosure documents under applicable securities laws. A Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate, or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors.

Indemnification. The general partner, its partners and their affiliates will be entitled to indemnification from a Fund in certain circumstances. The assets of a Fund will be available to satisfy these indemnification obligations and investors may be required to return distributions from a Fund to satisfy such obligations.

Absence of Regulatory Oversight. The Funds are not required and do not intend to register as such under the Investment Company Act and, accordingly, investors are not accorded the protections of the Investment Company Act. In addition, neither the general partners nor Heritage (the management company) is registered as a broker-dealer under the U.S. Securities Exchange

Act of 1934, as amended (the “Exchange Act”) or with the Financial Industry Regulatory Authority, Inc. (“FINRA”) and, consequently, neither the general partners nor Heritage are subject to the record-keeping and specific business practice provisions of the Exchange Act and rules of the FINRA.

General Economic Conditions. General economic conditions may affect a Fund’s activities. Interest rates, general levels of economic activity, the price of securities, and participation by other investors in the financial markets may affect the value and number of investments made by a Fund or considered for prospective investment. Conditions in the credit markets may make it impossible or more expensive for a Fund to secure debt financing for investments and may make it more difficult for portfolio companies to repay their debt.

Certain Regulatory Considerations. The Funds expect to make investments in a number of different industries, some of which are or may become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities, and counties in which they operate. New and existing regulations, changing regulatory schemes, and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio companies that operate in these industries. The Funds cannot predict whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, nor can it predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on a Fund’s investment performance.

Tax Treatment. There may be changes in tax laws or interpretations of tax laws adverse to the Funds or its investors. There can be no assurance that the structure of a Fund or of any investment will be tax-efficient to any particular investor. Prospective investors are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax exempt and non-U.S. investors, with reference to any special issues that investment in a Fund may raise for such investors.

Reliance on Management of Portfolio Companies. While it is the intent of the general partner to invest in companies with proven operating management in place, there can be no assurance that such management will remain with any portfolio company or will continue to operate successfully. Although Heritage will monitor the performance of each investment and will often take an active role in managing portfolio companies, the Funds will rely primarily upon portfolio company management to operate on a day-to-day basis.

Conflicting Interests among Investors. Investors may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investments, acquisitions and dispositions. In some instances, investment structures may be selected by the general partner that may be more advantageous beneficial to some investors than others.

Item 9: Disciplinary Information

Heritage has no legal or disciplinary events to report.

Item 10: Other Financial Industry Activities and Applications

Not applicable to Heritage.

Item 11: Code of Ethics

Heritage has adopted a Code of Ethics (“Code”) designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”). The Code establishes rules of conduct for employees and addresses employee personal securities trading, misuse of confidential information, misuse of material non-public information and political contributions. Our Code includes policies and procedures for the review of quarterly personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm’s “Supervised Persons” (as defined in the Code). Among other things, our Code also requires the prior approval of any acquisition of securities in a limited offering (e.g. private placement) or an initial public offering. Our Code provides for oversight, enforcement and recordkeeping.

Heritage’s reputation for fair and honest dealing has taken considerable time to build. The Code reminds employees of the ethical standards maintained by Heritage and its affiliates. All employees are required to acknowledge receipt of the Code of Ethics annually. A copy of the Code of Ethics is available upon request.

Item 12: Brokerage Practices

As a general matter, Heritage does not engage in brokerage transactions as the Clients primarily invest in private securities. In the limited circumstances where the Clients may purchase public securities as part of a private equity transaction or have such securities as a result of a portfolio company going public, Heritage intends to follow applicable SEC guidelines and seek to obtain best execution in completing such transactions.

Heritage may hire or engage investment banks to assist with certain potential portfolio company transactions, primarily in connection with the potential acquisition or sale of a portfolio company.

In selecting brokers, Heritage’s main consideration is to obtain the most favorable net result for the Clients under the circumstances, which may not involve the lowest possible commission cost. If, consistent with our goal of seeking best execution, Heritage determines that it will engage a broker to assist with the structuring of a particular transaction, such broker may be selected on the basis of some of the following, as applicable:

- expertise in the particular market;
- market reach, financial stability, and liquidity;
- history of similar transactions;
- the fees and other cost associated with its services;
- its reputation;

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- our past experience with the firm, including any past deal flow or ideas provided by the firm; our anticipation of future deal flow, if any;
 - willingness and ability to commit capital to complete the deal, if necessary; and
 - responsiveness of staff.

Item 13: Review of Accounts

Heritage provides ongoing supervision and review of its Clients' accounts. Heritage's management group meets monthly to review the financial and operating performance of each operating company. In addition, the management group gathers weekly to discuss any major activities in the operating company.

The general partner of each Heritage Fund distributes quarterly and annual written reports to the Clients as established in each Fund's limited partnership agreement or other similar agreement. The quarterly reports typically contain financial and business reviews, including valuations, of the portfolio company investments. Annual reports for institutional accounts generally include a listing of investments and the audited financial statements of the operating company by a Public Company Accounting Oversight Board registered accounting firm. Annual reports for investors in the Funds generally include individual capital account statements as of the end of such fiscal year, a listing of investments held by the Fund, and the audited financial statements of the Fund by a Public Company Accounting Oversight Board registered accounting firm.

Item 14: Client referrals and other compensation

At this time, Heritage does not pay, nor is compensated, for client referrals. If Heritage does enter into an agreement with a third party placement agent for purposes of raising private equity capital, a legal agreement will be executed to guide the terms of the engagement which will include among other requirements that the placement agent abide by federal securities statutes in discharging activities on behalf of Heritage.

Item 15: Custody

Heritage and its affiliates are deemed to have custody by virtue of their status as investment manager and general partners or managers to the Funds. Heritage's policy is to safeguard all Client funds, securities or assets and comply with the Advisers Act custody rule (Rule 206(4)-2). Heritage's Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB"), and the audited financial statements are distributed to each of the Funds' respective investors. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of Fund's fiscal year end.

Item 16: Investment Discretion

Subject to the investment objectives, policies and restrictions of each Heritage Fund as set forth in its limited partnership agreement or other similar agreement, Heritage has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Heritage Fund.

Item 17: Voting Client Securities

Because the Funds transact primarily in privately issued securities, Heritage rarely is required to vote proxies. However, because Heritage has the authority to vote proxies for a Client, the Firm has adopted policies and procedures designed to ensure that it votes proxies in the best interest of the Clients, including when there may be material conflicts of interest in voting proxies.

Heritage believes its interests are aligned with its Clients through the general partner's ownership interest in the Funds and therefore does not generally seek investor approval or direction when voting proxies. If, however, there is or may be a conflict of interest between the general partner and the Fund in voting proxies, Heritage will address the conflict by seeking guidance and approval from a Fund's Advisory Board or its investors, as appropriate.

If you are a Client or investor in the Funds and would like to obtain a copy of Heritage's proxy voting policies or additional information on how proxies have been voted, please contact Nicole Norris (CCO) at 617-428-3616.

Item 18: Financial Information

Currently, there is no known financial condition that is reasonably likely to impair Heritage's ability to meet its contractual commitments with its Clients.

Item 19: Requirements for State-Registered Advisers

Not applicable.