



Nova Capital Management Limited

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Part 2A of Form ADV: Firm Brochure
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This brochure (the “Brochure”) provides information about the qualifications and business practices of Nova Capital Management Limited (“Nova”). If you have any questions about the contents of this Brochure, please contact us at +44 (0) 207 901 1760. 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 Nova is also 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

Item 2 is not applicable to Nova as this is its initial Brochure.

Item 3. Table of Contents

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Item 4. Advisory Business

Nova Capital Management Limited (“Nova”) is wholly owned by Nova Capital Group Limited, Nova is authorized and regulated by the Financial Conduct Authority and registered in England and Wales. Nova has been in business since 2002, and as of June 30, 2014, has a total of \$485m of assets under management, all of which is managed on a non-discretionary basis.

Nova currently has 25 employees and is based in the UK with resources in the US and Canada. Nova specializes in acquiring multiple portfolio companies in a single transaction from corporate and financial sellers.

Nova establishes individual fund structures (collectively, the “Funds” and each, a “Fund”) on a deal by deal basis, and are created for the sole and specific purpose of acquiring a portfolio of businesses in a single transaction. The Funds are investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “**1940 Act**”), and whose securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”). Nova does not have a minimum size for a Fund, as each Fund is created on the back of each individual transaction.

The Funds primarily make long-term private equity and equity-related investments in accordance with the Funds’ respective investment objectives. Investments are generally made in companies doing business in the Engineering & Manufacturing; Services & Distribution; Technology, Media and Telecoms and Consumers sectors.

Nova will ordinarily organize the Funds’ General Partners whose Board of Directors are made up of a majority of persons unaffiliated with Nova. The Board of Directors of the given Fund will retain Nova to provide investment advisory services to each Fund in accordance with the respective Limited Partnership Agreement (or other organizational documents) of such Fund and separate Investment Advisory Agreements (each, an “**Investment Advisory Agreement**”). Nova’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. Nova receives advisory fees from the Funds for its services in accordance with the terms of each Investment Advisory Agreement. Nova provides investment supervisory services directly to the applicable General Partner and not individually to the investors in the Funds.

Item 5. Fees and Compensation

As compensation for investment advisory services rendered to the Funds' General Partners, Nova receives an advisory fee (each, an "**Advisory Fee**"). Advisory Fees are paid to Nova as a result of money received from capital calls issued by the General Partners and paid from the bank accounts of the Funds. Advisory fees are paid quarterly in advance or are paid directly to Nova from the portfolio companies in accordance with the Investment Advisory Agreement. In both cases, payment is conditioned upon the approval by the General Partner of the Fund. The Advisory Fees for these Funds are calculated based upon capital commitments, invested capital or adjusted capital contributions and may be lower than this amount at various stages during the life of such Funds.

The precise amount of, and the manner and calculation of the Advisory Fees is established through negotiations between Nova and investors in the applicable Fund. Precise details are set forth in the Investment Advisory Agreement with the applicable Fund, the Fund's organizational documents and/or other documentation received by each investor prior to investment in such Fund.

Nova may, as part of its portfolio management responsibilities, receive fees from actual portfolio companies or other investment vehicles owned/controlled by the Funds, including directors and monitoring fees. Although these fees are in addition to the Advisory Fees, Nova will typically, but is not required to, reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of a portion of such fees. The amount and manner of such reduction, if any, is set forth in the Investment Advisory Agreement and/or organizational documents of the applicable Fund. Additionally, a portfolio company may reimburse Nova for expenses incurred by Nova in connection with its performance of services for such portfolio company.

As further set forth in the Investment Advisory Agreements and organizational documents of the Funds, Nova will generally bear all costs associated with compensation of its employees, rent, utilities and office supplies. To the extent not paid by the underlying portfolio companies in which a Fund invests, the Funds will generally be responsible for all other expenses, including Advisory Board expenses, legal and accounting, consulting, origination, and diligence expenses related to the Funds' investing activities, if not borne by the underlying portfolio companies. In certain situations the Fund will also bear some of the costs associated with the remuneration of installing a full time Nova Operating Partner at the portfolio level.

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

Generally, a portion of the profits, if any, of each Fund is allocated to the capital account of and/or distributed to Nova in its capacity as the particular Fund's carried interest partner (the "**Carried Interest**").

The payment of Carried Interest to Nova is made at different rates, is subject to varying hurdles (including varying effective rates based on the past performance of the Fund), is determined on a Fund by Fund basis subject to discussion and agreement by the investors and can be up to 20% of the gains generated by the Fund.

This may create an incentive for Nova to disproportionately allocate time, services or functions to Funds paying Carried Interest at a higher effective rate or subject to a lower hurdle before paying Carried Interest, or allocate investment opportunities to such Funds. Generally, this conflict is mitigated by contractual provisions and procedures setting forth specific resource allocation requirements through key man mechanisms which are typically providing for certain named individuals of Nova to devote significant time to the management of the portfolio.

Item 7. Types of Clients

Nova currently provides investment advisory services to the General Partners, which are Guernsey based Limited Companies, of the Funds. The Funds themselves are structured as Guernsey based limited partnerships. Investment advice is provided directly to the Funds' General Partners and not individually to investors in such Fund. In some limited situations, advisory services may be provided to other corporate entities through separately negotiated advisory contracts.

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

Methods of Analysis and Investment Strategies

Nova seeks to generate returns by investing in growth oriented companies in five core sectors: Engineering & Manufacturing, Services & Distribution, and Technology, Media and Telecoms and Consumer sectors. The Funds typically expect to invest a substantial majority of their assets in North American & European companies.

Nova's main focus is within portfolio buy-outs, by acquiring multiple businesses in a single transaction. These businesses are usually non-core to the seller or are under-managed and may require transformation. Furthermore, Nova generally seeks to play an active role in the development of its portfolio companies, generally through positions on a company's board of directors and the roles of the Nova Operating and Investment Partners throughout the life of the Fund.

Examples of some of the analyses that Nova seeks to address include:

- A definition of the market the company serves, its competitive landscape, the threats and opportunities;
- Assessment of leadership and management performance; identifying the need for change or augment where necessary;
- Validation of the company's competitive advantage and the business model used;
- Review of the company's supply chain and where it is positioned in its key customers' value chain;
- Assessment of key technologies, know-how or processes which differentiates the company and consideration of how these might be leveraged over the tenure of ownership, to create value;
- Development of brand and profile of company not only to support its business needs but to anticipate positioning for exit options;
- Evaluation of all internal processes, records and operations within the company;
- Implementation of an external, customer-focused culture within the company; and,
- Positioning of the company's business to reflect eventual acquirers' requirements.

Risks

Whilst the Funds are created specifically for the purpose of acquiring a known target, there are risks and potential conflicts of interest inherent in investing in the Funds. Certain of these risks and potential conflicts of interest are summarized below. However, investments in the Funds are subject to additional risks not discussed herein. Prospective investors will carefully consider all of the risks related to investing in a Fund, before any commitment to invest is made.

Recent Financial Market Fluctuations.

General fluctuations in the market prices of securities may affect the value of the investments held by a Fund. Instability in the securities markets may also increase the risks inherent in a Fund's investments.

Business Risk of Investments.

Investments in portfolio companies in which the Funds invest involve a high degree of business risk and uncertainty. These portfolio companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or may have significant variations in operating results. Furthermore, these portfolio companies may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. The Funds will not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be used in the selection, structuring, monitoring and disposition of assets. In addition, the portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel.

Dependence on Nova and Nova's Key Employees.

The success or usefulness of the advice Nova provides to the General Partners is dependent upon Nova's ability to develop and use investment process and techniques that effectively produce investment recommendations provided to the General Partners. The ability to do this is largely dependent on the talents and efforts of highly skilled individuals. Nova's ability to fulfill its obligations under the various Investment Advisory Agreements depends on its ability to attract, retain and motivate its principals and employees.

Leveraged Nature of Investments.

While investments in highly leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. A Fund's portfolio companies may involve high degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Also, increased interest rates

generally increase portfolio company interest expenses. In the event any such portfolio company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company.

Highly Competitive Market for Investments.

The business of identifying and structuring transactions of the nature contemplated by the Funds is somewhat competitive. The Funds will be competing for investments with other private equity investment vehicles and other companies, including institutional investors. The size and number of private equity investment vehicles has grown dramatically in recent years, and it is likely that these trends will continue in the future.

Valuation of the Fund's Assets and Liabilities.

The vast majority of the Fund's investments will neither have market prices nor will prices from third parties be available. Accordingly, the vast majority of the investments made by the Funds will be based on values determined by Nova pursuant to established valuation policies and procedures reviewed by the CFO and the Portfolio Review Committee. There is no guarantee that the values assigned to investments by Nova will represent the value that will be realized by the Funds on the eventual disposition of the investment.

Time Required to Maturity of Investment.

Such investments may typically take from three to six years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of the Funds' investments prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of the Funds' investments will occur for a significant period of time from the initial closing date.

Illiquidity of Fund's Portfolio Investments.

It is anticipated that all or a substantial portion of the Funds' investments will consist of securities that are of a long term and illiquid nature in companies whose shares are not quoted or dealt on any stock exchange. Therefore, such investments may be difficult to realize. As a result, it may be difficult if not impossible for investors in the Funds to exit their investments.

Risk of Minority Positions.

If, as part of its overall investment strategy, a Fund elects at any time to hold a minority position in one or more portfolio companies, it may not be able to exercise control over such companies.

Adverse Consequences of Ownership of Controlling Interests in Portfolio Companies.

It is expected that a Fund will often own a controlling percentage of the common equity of private portfolio companies which, depending upon the amount of equity owned by the Fund, contractual arrangements between the company and the Fund. In addition, because of its equity ownership, representation on the board of directors and/or contractual rights, a Fund may often be thought to control, participate in the management of or influence the conduct of portfolio companies. This could expose the assets of a Fund to claims by a portfolio company, its other security holders, its creditors or governmental agencies.

Performance-Based Allocation.

As the party receiving the Carried Interest, Nova receives compensation based upon the appreciation of the Funds' assets. This arrangement may create an incentive for Nova to recommend investments that are riskier or more speculative than would be the case if the allocation wasn't made.

Side Letters and Other Arrangements.

Nova may recommend to a given Fund's General Partner to waive or modify the terms and/or conditions with respect to one or more investors in a given Fund. Such waivers or modifications could grant special or more favorable terms and rights when compared to the same terms offered or applicable to other investors.

Special Risks Associated with Offshore Investments.

A Fund may invest a portion of its capital commitments in portfolio companies that are headquartered and that have their principal operations outside the United States. These investments involve special risks not typically associated with investments in the securities of U.S. issuers, including (a) economic and political factors, such as the risk of expropriation, restrictions on repatriation of profits, and political and social instability, (b) differences between U.S. and non-U.S. securities markets, including the absence of uniform accounting, auditing, and financial reporting standards in non- U.S. markets, the relatively greater price volatility and illiquidity of non-U.S. securities markets, (c) currency exchange risks, including the cost of converting investment cash flows from one currency into another and the possibility of fluctuations in exchange rates, and (d) tax-related issues, including the possibility of withholding taxes, confiscatory non-U.S. taxes, and the possibility of double taxation of income earned overseas.

Certain Regulatory Considerations.

A Fund may make investments in industries that 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 and the burdens of regulatory compliance may have a material adverse effect on companies that operate in these industries.

Investments in Pass-through Entities.

As more and more businesses are organized as limited companies, it is likely that a Fund's investment portfolio may include one or more entities treated as "pass-through entities" for federal income tax purposes. The Funds will use reasonable best efforts to avoid structuring such investment in a manner that would result in the recognition of unrelated business taxable income or income effectively connected with a U.S. trade or business if other investment structures are available that provide reasonably equivalent expected returns (*e.g.*, by holding such an investment indirectly through a corporation), but it is possible that such investments could result in (a) the generation of taxable income for a Fund and its investors, even though they will not necessarily receive the cash flow related to such taxable income, (b) the generation of UBTI for tax-exempt investors, and (c) the treatment of the Funds (and therefore their investors, including investors that are domiciled outside the United States) as being engaged in the conduct of a U.S. trade or business.

Failure to Achieve Investment Objective.

There can be no assurance that the Funds will be able to achieve their targeted returns or achieve its investment objectives. Any given investment made by the Funds may prove to be worthless. Investors in the Funds should be able to absorb a loss of some or all of the capital invested in the Funds.

Item 9. Disciplinary Information

Nova has nothing to report.

Item 10. Other Financial Industry Activities and Affiliations

Various Guernsey Limited Companies serve as General Partners of the Funds, each with its own independent board responsible for making investment decisions. For a description of material conflicts of interest created by the relationship among Nova and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

Nova has adopted a written Code of Ethics within its compliance guidelines that is applicable to all of its staff, as well as staff of its affiliates, including Nova, and certain independent contractors (collectively, “Nova Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Nova Personnel and their families and households may purchase investments for their own accounts, subject to the terms of the Code of Ethics. Under the Code of Ethics, Nova Personnel are also required to file certain periodic reports with Nova’s Compliance Department as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps Nova detect and prevent potential conflicts of interest.

Nova Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Nova Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware.

A copy of the Code of Ethics is available to any client or prospective client upon written request to info@nova-cap.com.

Conflicts of Interest

Nova has adopted policies and procedures regarding the identification and management of conflicts. In addition, such conflicts are resolved in accordance with the organizational documents of the Funds, which generally provide that conflicts will be presented to the Advisory Board of the applicable Fund for review. Members of the Funds’ Advisory Board are typically representatives of the limited partners of the Funds.

Consistent with the organizational documents of each Fund and relevant rules and regulations, Nova will utilize its best judgment when acting on behalf of the Funds. This should generally be understood to mean that it will exercise of such judgment when considering the interests of the Funds taken as a whole. Material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund.

Participation in Client Transactions.

Certain employees and affiliates of Nova may invest in Funds on the same terms as other investors; however if officers, principals and employees of Nova have made large capital investments in the Funds they may have conflicting interests with other investors in the same Fund. Notwithstanding the foregoing, such transactions are subject to the policies and procedures of Nova, including the Adviser's Code of Ethics.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner's interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, Nova may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Nova and General Partner Activities.

Nova currently is, and in the future may, engage in work to acquire new portfolios unrelated to the Funds. This may present various conflicts of interest, including in the selection of investments and the allocation of management time, services or functions among various projects. However, contractual provisions and procedures are in place with the existing Funds setting forth specific resource allocation requirements through key man mechanisms which typically provide for certain individuals to devote significant time to the management of the portfolio.

Allocation of Investment Opportunities amongst Clients and Allocation of Co-Investment Opportunities.

Nova's policy is to allocate opportunities or advisory recommendations in a manner that is consistent with its fiduciary obligations and the governing documents of each Fund. Given the nature of the Funds, the fact that they are established for a specific purpose (acquiring multiple portfolio companies in a single transaction), there would be no requirement to allocate investment opportunities across other Funds.

Allocation of Fees and Expenses.

While a conflict of interest could arise because of a decision to allocate fees and expenses, applicable General Partners of the Funds involved will determine all such matters using their best judgment but in their sole discretion.

Releveraging and Recapitalization Transactions.

The Funds may participate in Releveraging and Share Recapitalization events involving portfolio companies. Given the nature of the Funds, the fact that they are established for a specific purpose (acquiring multiple portfolios of companies) there would be create Releveraging or recapitalization opportunities across other Funds and therefore no conflict would exist in this respect. However, the general partners of the Funds will generally attempt to resolve all such conflicts using their best judgment but in their sole discretion.

Follow-on Investments

Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing. The General Partners of the Funds will generally determine all such matters using their best judgment but in their sole discretion.

Principal and Cross-Transactions

Given the nature of the Funds, the fact that they are established for a specific purpose (acquiring multiple portfolio of companies in a single transaction) there would be no requirement to buy or sell assets across other Funds, so no conflict exists in this respect.

Conflicts Relating to the General Partner and Nova

Nova generally may, in its discretion, contract with any related person of Nova, or recommend to a Fund or portfolio company to contract with such person (including but not limited to a portfolio company of a Fund, or former employees or executives of Nova) to perform services for Nova, the Funds or other portfolio companies. The Funds and/or their portfolio companies may bear the costs of such dealings directly or indirectly. In such circumstances, there may be a conflict of interest between Nova and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Fund may be able to enter into a new engagement at a better price and/or the same or a better quality of service could be obtained from another person.

Positions with Portfolio Companies

Employees of Nova may serve as directors of portfolio companies. In addition, employees of Nova may leave the employment of Nova or its affiliates and become an officer or employee of a portfolio company.

Item 12. Brokerage Practices

Item 12 is not applicable to Nova, as it only provides non-discretionary advisory services to its clients, the General Partners of the Funds.

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly Nova's review of them is not directed toward a short-term decision to dispose of securities. However, Nova closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis held quarterly. The team generally includes senior staff and other investment professionals of Nova.

Reporting

In accordance with the constitutional documents of the Funds, Investors receive, among other things, a copy of audited financial statements of the relevant Fund generally within 90 days after the fiscal year end of such Fund, as well as quarterly performance reports within 60 days after each fiscal quarter end or as soon thereafter as practicable. Nova and the applicable General Partner, if any, may from time to time, in their sole discretion, provide additional information to Investors relating to such Fund to one or more investors in such Fund as they deem appropriate.

Item 14. Client Referrals and Other Compensation

While Nova does not currently utilizes a placement agent (or anyone else) to offer and sell interests of the Fund, it may do so in the future and would expect to bear the fees charged by any such person.

Item 15. Custody

While Nova does not maintain physical custody of any client assets, most Funds have General Partners that were established by Nova. The General Partners are controlled by a majority of Directors unrelated to Nova. Nova is not authorized to deduct money from its clients' accounts. All Funds are subject to an annual audit by an independent accounting firm that is subject to inspection by the Public Company Accounting Oversight Board and such annual reports are distributed to investors in the Funds within 120 days for the Funds' fiscal year end.

Item 16. Investment Discretion

Investment advisory services are provided to the applicable General Partners on a non-discretionary basis. Investment advice is provided directly to the Funds' General Partners and not individually to the investors in the Funds. In some limited situations, advisory services may be provided to other corporate entities through separately negotiated advisory contracts.

Item 17. Voting Client Securities

Nova has established written policies and procedures setting forth the principles and procedures by which Nova seeks approval by the General Partner, with respect to voting matters on securities owned by the Funds ("Votes"). The guiding principle by which Nova operates is in a manner consistent with the best interests of a Fund taking into account a variety of factors determined by Nova, which may include, but is not limited to, the relevant Fund's investment horizon, the contractual obligations under the relevant Investment Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. Nova may also determine, and recommend to the General Partner, that it is in the best interest of a Fund not to vote a proxy or to abstain from a vote. Funds generally cannot direct Nova's recommendation to the General Partner on Voting matters.

Nova's Chief Compliance Officer ("CCO") has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Nova investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth in Nova's policies and procedures, including according the first priority to the best interest of the relevant Funds. The CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Clients may request a copy of Nova's policies and procedures and the Funds voting record by contacting info@nova-cap.com.

Item 18. Financial Information

Item 18 is not applicable to Nova.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to Nova.