

New State Capital Partners

Part 2A of Form ADV

Brochure

May 12, 2015

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This firm brochure (this “Brochure”) provides information about the qualifications and business practices of New State Capital Partners LLC and New State Management LLC (hereinafter, “New State,” or the “Firm” or “our” or “us”). If you have any questions about the contents of this Brochure, please contact us at 212-675-1600 or jkim@newstatecp.com. The information in this Brochure has not been approved nor verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Additional information about New State is also available on the SEC’s web site at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This Firm Brochure, dated May 12, 2015, provides you with a summary of New State Capital Partners LLC and New State Management LLC (collectively, “New State,” the “Firm” or the “Adviser”) advisory services and fees, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item 2 provides a summary of new and/or updated material information since the last annual update of the Brochure.

Because this is New State’s first Brochure, there are no material changes to be disclosed at this time.

This summary of material changes is qualified in its entirety by reference to the full discussion in this Brochure. Clients are encouraged to read the Brochure in detail and contact their account representative with any questions. The Brochure can be accessed via the SEC Website at www.sec.gov or by requesting a copy by contacting jkim@newstatecp.com, or by calling New State at 212-675-1600.

Item 3 - Table of Contents

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

Item 4 - Advisory Business

New State Capital Partners LLC and New State Management LLC are investment advisers sharing a principal place of business located in Larchmont, New York. New State Management LLC is a relying adviser to New State Capital Partners LLC, and both advisers share a unified compliance program, advise only private funds, and conduct a single advisory business. References herein to “New State,” the “Firm” or the “Adviser” refer to both New State Capital Partners LLC and New State Management LLC. New State has been conducting business since 2013. The Firm is privately held and its principal owner is David Blechman.

New State provides investment advisory services to multiple private equity funds (“clients” or the “funds”).

New State tailors its advisory services to the needs of each fund, in accordance with the applicable investment objectives and the relevant prospectus, limited partnership agreement, offering memorandum or other applicable documentation of each fund (collectively, “Offering Documents”), where applicable. Any restrictions on investments are set forth in the relevant Offering Documents. New State does not tailor its investment advice to the individual investors in each fund that it manages. As such, investors cannot impose restrictions on the types of investments made through the funds.

As of March 31, 2015, New State managed \$173,900,000 of client assets on a discretionary basis.

Item 5 - Fees and Compensation

A. Fees

Management fees and performance fees relating to the funds are set forth in each applicable fund’s Offering Documents. Management fees vary up to 2.00%. Performance fees also vary by fund and may be up to 20%. Portfolio companies that the private equity funds invest in may also pay management fees directly to New State Management LLC for the provision of certain operating services. Under certain circumstances, New State may offset the management fee payable to New State by the fund holding interests in such portfolio company, as set forth in more detail in the applicable Offering Documents. All fees are subject to negotiation. New State or its affiliates, as applicable, reserves the right to waive, reduce, rebate, or calculate differently the management fee, administrative services fee and/or performance fee with respect to any investor in a fund.

B. Billing

New State generally deducts management fees from the funds on a quarterly basis in advance and where applicable, will deduct a performance fee as set forth in each applicable fund’s Offering Documents.

C. Additional Expenses

Generally, the management fee and performance fee are exclusive of brokerage commissions, transaction fees and certain fund expenses, including but not limited to custodial expenses,

service provider costs, litigation costs, operational costs, communications expenses, taxes and other related costs and expenses that are incurred by the fund, and each fund is responsible for the payment of these costs and expenses. The management fee is also exclusive of expenses related to organizing the fund, expenses related to negotiating fund documentation, placement agent fees, filing fees and other accounting and legal fees related to organization of the fund (collectively, “Organizational Expenses”). Such charges, fees and commissions are exclusive of, and in addition to, New State’s management fees and performance fees (if applicable). Organizational Expenses of a fund may, under certain circumstances, reduce the amount of unpaid future management fees, as set forth in more detail in the applicable Offering Documents. For a more complete discussion regarding fees and expenses applicable to a particular fund, please refer to the appropriate Offering Documents. Please see Item 12 – Brokerage Practices for more information.

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

Performance fees are fees based on a share of capital gains on or capital appreciation of the assets of a fund. Performance fees create an incentive for New State to recommend investments that are riskier or more speculative than would be the case if such arrangement were not in effect. New State and its employees may be perceived to have an incentive to devote more resources toward managing accounts for which it charges a higher performance fee over other accounts. New State addresses such potential conflicts through procedures to ensure that all clients are treated fairly and investment opportunities are allocated appropriately. Further, because each fund has one investment period at a time, a situation in which two funds are competing for the same investment will not arise.

Item 7 - Types of Clients

New State provides investment advisory services to private equity funds. Please note that New State’s clients are the funds. Investors in such funds are not clients of New State. Minimum contributions for investments in a fund may vary for each fund and are subject to negotiation.

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

A. Methods of Analysis and Investment Strategies

New State’s investment strategy involves making investments, typically controlling investments, in privately offered operating companies through fund vehicles. New State has formed its investment strategy by incorporating some of the most successful strategies from its experience. In short, New State’s strategy strives to: (i) acquire control of companies in a very relatively narrow size band, at deep value prices and with structures that further protect downside; (ii) significantly grow EBITDA; and (iii) exit at an enhanced valuation multiple.

Deep Value Investments in a Target Size Band

New State seeks to invest at a valuation below intrinsic value (i.e., below the price at which the company or assets should sell if marketed broadly). New State targets and acquires companies in a band around \$10 million of EBITDA. New State will often intend to employ a structure to further mitigate downside risk. These structures could include investing in participating preferred

securities or acquiring debt securities as a path to control. New State will occasionally, opportunistically evaluate companies that are smaller or larger than its target size range.

New State utilizes a variety of methods to evaluate companies. Before any investment is made, New State spends significant time with management at the company performing business and financial diligence in addition to evaluating the management team themselves. New State employs its operating executives and consultants to assist with other parts of the evaluation process and performs its own financial analysis.

Having acquired a business in the target size band for an attractive valuation, New State seeks to significantly grow EBITDA. In general, New State intends to follow three strategies that collectively can yield this result: (i) operating improvements, (ii) proper macro underwriting and (iii) growth capital.

Where possible, New State intends to provide a lower equity investment and in a preferred structure putting New State's equity investment structurally ahead of any rollover equity, seller note or earn out. New State intends to employ a relatively conservative amount of leverage on each of its investments.

New State anticipates that it will cause funds to make control investments in the majority of its platform investments. In most cases, New State expects to require control to implement its operating initiatives, make growth capital decisions and manage the exit. In select circumstances New State may consider certain exceptions to complete control. While New State's investment strategy generally centers on control, New State emphasizes its flexibility to intermediaries and may consider investing in minority and non-control stakes. Based on experience, these situations often evolve into different structures.

B. Material Risk Factors

Investing in securities involves risk of loss that clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken in managing client assets will be subject to various market, liquidity, currency, economic, political and other risks, and investments may lose value.

The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to New State or a particular security or investment. Rather, it is a general description of the nature and risks of the advisory services provided by New State and the related investments. This summary is qualified in its entirety by reference to the Offering Documents that apply to each of the funds managed by New State. Investors should carefully read the Offering Documents before making an investment in a fund.

NO ASSURANCE OF INVESTMENT RETURNS

There is no assurance that any investment will be able to generate returns for investors or that the returns will be commensurate with the risks of investing in private equity funds. There can be no assurance that any fund's investment objectives will be achieved or that there will be any return

of capital. There can be no assurance that projected or targeted returns for any fund will be achieved.

GENERAL ECONOMIC CONDITIONS AND RECENT EVENTS

Over the past few years, various sectors of the global financial markets have experienced an extended period of adverse conditions following serious disruptions in the U.S. residential mortgage market. Market uncertainty in the United States increased dramatically during this time, and adverse market conditions in the United States have expanded to other markets. These conditions have resulted in reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. These difficult global credit market conditions have adversely affected the market values of equity, fixed-income and other securities and these circumstances may continue or even deteriorate further. The short- and longer-term impact of these events is uncertain, but they have had and are likely to continue to have a material effect on general economic conditions, consumer and business confidence and market liquidity worldwide. Investments made by New State may be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer and business confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of investments made by New State through the funds and these or similar events may affect a fund's ability to execute its investment strategy.

DETERIORATION OF CREDIT MARKET

The recent global slowdown and the weakening of the credit market, along with a widening of credit spreads, a deterioration of the sub-prime and global debt markets, and a rise in interest rates, have reduced investors' demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new investments or to only offer committed financing for these investments on unattractive terms. The ability of a fund to generate attractive investment returns for its investors may be adversely affected to the extent the fund or its investments are unable to obtain favorable financing terms. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of global economies. Such an economic downturn could adversely affect the financial resources of operating partners and investment projects in which a fund may participate, and may result in the inability of such partners and projects to make principal and interest payments on outstanding debt when due, and may also restrict the ability of a fund to sell or liquidate investments at favorable times or for favorable prices.

FUTURE LEGAL, TAX AND REGULATORY RISKS FOR PRIVATE EQUITY FUNDS

Future legal, tax and regulatory changes could occur that may adversely affect New State or the funds. The regulatory environment for private equity funds is evolving, and changes in regulations that impact private equity funds may adversely affect the value of investments held by the a fund and the ability of a fund to pursue its investment strategy. The SEC, other regulators and self-regulatory organizations and exchanges have taken various extraordinary actions in connection with recent market events and may take additional actions. A fund may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators. The effect of any future regulatory changes on a fund or New State could be substantial and potentially adverse.

HIGHLY COMPETITIVE MARKET FOR INVESTMENT OPPORTUNITIES

The business of identifying and structuring private equity investments is highly competitive and involves a significant degree of uncertainty. A fund will be competing for investments with other private equity investment vehicles, as well as individuals, financial institutions and other institutional investors. Moreover, an ever-increasing number of private equity funds have been formed (and many existing private equity and other similar investment funds have grown in size). Various hedge funds have also created “side pockets” to participate in private equity or other more illiquid investment opportunities. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Beyond the activities of competitors, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. There can be no assurance that a fund will be able to locate, complete and exit investments that satisfy the fund’s rate of return objectives, or realize upon their values, or that a fund will be able to invest fully its committed capital.

FINANCIAL AND BUSINESS RISK

Investments made by a fund will generally involve a significant degree of financial and/or business risk. Portfolio companies may be highly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. Portfolio companies may face intense competition, changing business or economic conditions or other developments that may adversely affect their performance. Business risks may be more significant in smaller portfolio companies or those that are embarking on a build-up or operating turnaround strategy. If for any of these reasons a portfolio company is unable to generate sufficient cash flow to meet principal or interest payments on its indebtedness or make regular dividend payments, the value of a fund’s investment in such portfolio company could be significantly reduced or even eliminated.

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 the fund’s investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public market or otherwise.

LONG-TERM INVESTMENTS

A significant portion of a fund’s portfolio will typically consist of investments that will not be liquidated for a number of years after the initial investment. While New State or its affiliates may intend to achieve the fund’s target returns within a specified time horizon, other factors such as overall economic conditions, the competitive environment and the availability of potential acquirers may shorten or lengthen the fund’s holding period. The return of capital and the realization of gains, if any, will occur only upon the partial or complete disposition of a fund investment. Therefore, it is unlikely that any fund will realize substantial capital gains during its early years.

RISK ASSOCIATED WITH PORTFOLIO COMPANIES GENERALLY

Portfolio companies may involve a high degree of business and financial risk. These companies or assets may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in operating results, 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 or weak management. In addition, these portfolio companies or assets may face intense competitive positioning, including competitors with greater financial resources, qualified managerial, operating and technical capabilities. Portfolio companies may also incur leverage that may have important adverse consequences. For example, portfolio companies may be subject to restrictive financial and operating covenants and leverage may impair their ability to respond to changing business and economic conditions and to business opportunities.

POLITICAL AND ECONOMIC CONSIDERATIONS

Changes in political, social and economic conditions could have substantial impact on a portfolio company. Such potential changes include, but are not limited to, (a) currency exchange rate fluctuations, (b) exchange control regulations, (c) risks associated with different (and lower quality) information available, (d) higher rates of inflation, (e) greater governmental involvement in the economy, (f) stricter or more expansive governmental regulations in the healthcare services, business services and/ industrial sectors, or (g) contraction of economies, in particular, loss of consumer confidence and an economic slowdown in the markets in which the portfolio companies operate, which may impact a fund's financial performance and the value of its investments.

SIDE LETTERS

New State and/or its affiliates may agree to vary certain of the terms applicable to any investor in a fund or grant to any investor in a fund specific rights, benefits or privileges that are not made available to investors generally. New State and/or its affiliates may also agree to provide a greater level of disclosure regarding the investments and activities of a fund to certain investors than other investors. These variations and agreements may be contained in side letters with individual investors or otherwise. Such agreements will be disclosed only to those actual or potential investors that have separately negotiated with New State and/or its affiliates for the right to review such agreements.

RESTRICTIONS ON TRANSFER OR WITHDRAWAL

The interests in a fund represent highly illiquid investments and should only be acquired by investors able to commit their funds for an indefinite period of time. Investors will not be permitted to transfer their interests without the consent of New State and/or its affiliates, as applicable. Furthermore, the transferability of the interests will be subject to certain restrictions contained in a fund's partnership agreement and subscription agreement and may be affected by restrictions on resale imposed under federal and state securities laws. A public market does not currently exist for interests in the funds and one is not expected to develop.

LEVERAGE

A significant amount of leverage may be used in connection with investments made by a fund. This leverage will increase the exposure of such investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deteriorations in the condition of the portfolio company or its sector. The percentage of leverage will vary depending on the ability to obtain credit facilities and the lender's and rating agencies' estimate of the stability of the particular portfolio company's cash flow. The portfolio company may be required to maintain minimum average cash balances in connection with borrowings under a credit facility. In the

event a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the investment in the portfolio company could be reduced significantly or even eliminated. The return on investments may be reduced to the extent that changes in market conditions increase the cost of financing relative to the income that can be derived from the assets acquired.

RELIANCE ON MANAGEMENT OF PORTFOLIO COMPANIES

New State will monitor the performance of investments in portfolio companies either through interaction with the board of directors of the company and/or by maintaining an ongoing dialogue with the company's management team. However, management will be primarily responsible for the operations of the company on a day-to-day basis. Although it is the intent of each fund to invest in companies with strong operating management, there can be no assurance that the existing management team, or any new one, will be able to operate the company successfully.

INVESTMENT IN RESTRUCTURINGS

A fund may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience severe financial difficulties, which may never be overcome. Such investments could, in certain circumstances, subject a fund to certain additional potential liabilities, which may exceed the value of the fund's original investments therein. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated, or disallowed, or may be found liable for damage suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a fund and distributions by a fund to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

NON-U.S. INVESTMENTS

New State generally targets investments in the United States, but may invest, on a selective basis, in other geographic areas. A fund may therefore make investments outside the United States and such investments involve a number of additional risks, including: (i) the risk of adverse political developments such as nationalization, confiscation without fair compensation or war; (ii) the risk of fluctuations in currency exchange rates; (iii) the risk of restrictions on capital movements, which would make it difficult or impossible to exchange or repatriate foreign currency; and (iv) the risk of regulations which might prevent the implementation of cost cutting or other operational improvements. In addition, laws and regulations of foreign countries may impose restrictions or approvals that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Foreign countries may also impose taxes on a fund or its investors.

Item 9 - Disciplinary Information

Registered investment advisers are required to provide information about any legal or disciplinary events that would be material to your evaluation of New State or the integrity of its management. New State has no reportable disciplinary events.

Item 10 - Other Financial Industry Activities and Affiliations

New State is affiliated with certain private funds and its affiliates act as general partner or sponsor of such funds. Such relationships do not create a material conflict of interest with New State's clients.

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

A. Code of Ethics and Personal Trading

New State has adopted a Code of Ethics for all supervised persons that describes, among other things, New State's standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to a prohibition on insider trading and personal securities trading procedures and reporting requirements, among other things. All supervised persons at New State must acknowledge the terms of the Code of Ethics annually and at any time the Code of Ethics is materially amended.

Subject to the Code of Ethics and applicable law, officers, directors and employees of New State and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the funds. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of New State will not interfere with (i) making decisions in the best interest of advisory clients (the funds) and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these classes of securities would not materially interfere with the best interest of the funds. In addition, the Code of Ethics requires pre-clearance of certain transactions, and may restrict trading in certain circumstances. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored to detect and prevent conflicts of interest between New State and the funds.

New State's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting jkim@newstatecp.com.

Principals, officers and employees of New State and its related persons and affiliates are or may be investors in its private equity funds. As such, it is possible that New State could cause a fund to buy or sell securities in which New State or one of its related persons has a financial interest. For example, New State could recommend that a fund invest in a portfolio company in which another fund previously invested. Because New State will have a nominal ownership interest in both funds, New State could have a potential conflict of interest in making such a recommendation. New State addresses this through disclosure to clients and fund investors. As New State typically will only invest in portfolio companies through fund vehicles, any New State employee will receive the same price as other investors in the fund.

Item 12 - Brokerage Practices

A. Selection of Broker-Dealers

New State's private equity funds invest in privately-offered portfolio company securities and do not have regular interactions with broker-dealers who execute trades on their behalf. New State does not receive research or other soft dollar benefits. New State does receive client referrals in from broker-dealers. However, from time to time, New State may enter into arrangements with certain broker-dealers related to deal-sourcing. Such broker-dealers are compensated in varying ways, including without limitation by payment of a fixed fee or a percentage of the consummated investment. Such arrangements do not present a conflict of interest for New State with regard to broker-dealer selection because New State does not regularly execute trades with broker-dealers due to the private nature of the investments made by the funds. New State does not have any directed brokerage arrangements.

Item 13 - Review of Accounts

Fund portfolios are reviewed by New State no less frequently than quarterly. Criteria in an account review includes, but is not limited to, market fluctuations, significant events, and fund investment objectives. New State may conduct more frequent reviews as the result of either a triggering event (*i.e.*, market adjustment) or at the request of an investor in the fund. All investors receive, at a minimum, a quarterly written report containing asset values and performance information, as applicable.

Item 14 - Client Referrals and Other Compensation

New State does not have any referral agreements or other compensation to disclose.

Item 15 - Custody

New State does not have physical custody of client accounts, but is deemed to have custody by virtue of its related persons serving as general partner of the funds. New State will comply with the custody rule by either obtaining an annual audit of a fund and distributing the audited financial statements to investors within 120 days of the end of the fund's fiscal year or alternatively, a fund's qualified custodian will send account statements to the fund's investors on a quarterly basis and New State will engage an independent public accountant to conduct a surprise examination pursuant to the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended.

Item 16 - Investment Discretion

New State manages each of the funds on a discretionary basis. Discretionary authority allows New State to select the identity, amount, time, and price at which securities are to be purchased and sold for the funds. New State is authorized to exercise discretion by the applicable Offering Documents of each fund.

Item 17 - Voting Client Securities

As the funds' investments consist only of private transactions in portfolio companies, this item is not applicable.

Item 18 - Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition. New State 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.