



New Water Capital, L.P.
Part 2A of Form ADV
Investment Adviser Brochure

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This brochure (this “**Brochure**”) provides information about the qualifications and business practices of New Water Capital, L.P. (referred to herein as “**New Water**”). If you have any questions about the contents of this Brochure, please contact New Water at (561) 235-7310 or via email at mbecker@newwatercap.com. 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. Capitalized terms used herein and not otherwise defined have the meanings assigned to them in the Glossary of Terms to Form ADV.

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

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

Item 2 - Material Changes

This Brochure, dated as of May 15, 2015, has been prepared in connection with New Water'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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Item 4 - Advisory Business

New Water Capital, L.P. (“**New Water**” or the “**Firm**”) is a private equity firm that specializes in control investments in North American lower middle market companies with revenues of approximately \$30 million to \$300 million in the consumer products, retail, and industrial manufacturing & services industries (collectively, “**Target Industries**”). The Firm will focus on special situations investments, such as turnarounds, underperformers, corporate carve-outs, and companies in transition (collectively, “**Special Situations**”). New Water is controlled by Jason Neimark, Mark Becker, John Disa and G. Brian McGee (collectively, the “**Principals**”). New Water began business operations in 2014.

New Water’s investment advisory business will be principally focused on providing advisory services to one or more pooled investment vehicles (collectively, the “**New Water Funds**”) organized to make private equity investments in North American lower middle market companies whose complex problems mask their intrinsic value. The New Water Funds will primarily seek to acquire controlling interests in lower middle market companies undergoing financial or operational stress in the Target Industries in which New Water, its Principals, industry executives and professionals that have a relationship with New Water, the general partner or affiliates of the New Water Funds, their portfolio companies and their activities (the “**Operating Executives**”) and their respective affiliates have operating expertise and which the Firm expects to add value to the New Water Funds. New Water will not recommend a particular type of security and the portfolio investments of the New Water Funds will not be limited to the Target Industries. The New Water Funds will invest in, without limitation, debt and equity securities, typically in certain special situations, including bankruptcies.

Generally, a Related Person of New Water will act as the general partner of each New Water Fund, and New Water (directly or indirectly through a wholly-owned subsidiary) will serve as investment adviser to each New Water Fund. References to “New Water” in this Brochure include, as the context requires, affiliates through which New Water provides investment advisory services or that act in any capacity referenced in the previous sentence.

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

New Water Funds and/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.

New Water does not participate in any advisory program under which a specified fee or fees not based directly upon transactions in a client’s account is charged for investment advisory services and the execution of client transactions (a “**Wrap Fee Program**”).

New Water will manage all client assets on a discretionary basis in accordance with the terms and conditions of each New Water Fund’s Governing Documents.

Item 5 - Fees and Compensation

Compensation and Fee Schedules

As compensation for investment advisory services rendered to the New Water Funds, New Water typically receives a management fee (each, a “**Management Fee**”) from each such New Water Fund. All investors and prospective investors should review the Governing Documents of each New Water Fund in conjunction with this Brochure for complete information on the fees and compensation payable in connection with a particular New Water Fund. Different New Water Funds may be subject to different Management Fees and performance-based compensation arrangements. In limited circumstances, the Management Fees payable to New Water by individual investors in the New Water Funds may be negotiable and/or waived. Investors and prospective investors in each New Water Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. All advisory clients (i.e., the New Water Funds) are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**Company Act**”). Consequently, New Water is not required to include specific fee information in this Brochure relating to the New Water Funds.

Deduction of Fees; Timing of Payments; Termination

As a general matter, New Water will charge and deduct Management Fees directly from the New Water Funds pursuant to the terms of the Governing Documents. Payment of Management 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 New Water Funds for complete information on the timing of Management Fee payments. Upon termination of any investment management agreement, any prepaid, unearned fees will be promptly refunded (determined on a pro rata basis based on the number of days elapsed in the applicable payment period), and any earned, unpaid fees will be due and payable.

Other Fees and Expenses

In addition, New Water and its affiliated entities may perform consulting, management, advisory, monitoring, transaction-related, financial advisory and other services (“**Related Services**”) for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the New Water Funds, including fees in connection with mergers, acquisitions, dead deals (e.g., break-up fees), add-on acquisitions, investments, financings and re-financings, public offerings, sales and similar transactions (all such fees, “**Fees Subject to Offset**”). Generally, under the terms of the applicable Governing Documents, the definition of “Fees Subject to Offset” is net of various out-of-pocket costs and expenses, including costs and expenses incurred by New Water in connection with consummated or unconsummated transactions (including travel expenses and meals and entertainment expenses) or in connection with generating any such fees. Fees Subject to Offset may be substantial and may be paid in cash, in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise. Although these Fees Subject to Offset are in addition to the Management Fees, to mitigate potential conflicts of interest, New Water will generally offset a portion of such benefits against Management Fees payable by the applicable New Water Fund or otherwise remit such benefits to the limited partners of such New Water Fund in accordance with such New Water Fund’s Governing Documents. New Water may (in its sole discretion), agree to pay a portion of a transaction fee to a third party (“**Third Party Fee**”), such as a consultant, Operating Executive, adviser, finder, broker, and/or investment bank. In such event, New Water is not required under the terms of the applicable Governing Documents to share such Third Party Fee with the New Water Funds.

The fees, salary, bonuses, profits interest and other stock awards received by New Water’s Operating Executives or other similar consultants from a portfolio company are not included as Fees Subject to Offset under the applicable Governing Documents. The definition of and calculation of the amount of such Fees Subject to Offset that is used to offset the Management Fees and New Water Fund expenses is

described in the applicable Governing Documents. For a discussion of material conflicts of interest created by the receipt of such fees in connection with Related Services, please see Item 11 below.

The amount of Management Fees, fund expenses, and the amount of the offset relating to Fees Subject to Offset as described above may differ from one New Water Fund to another, as well as among investors in the same New Water Fund. Some New Water Funds may not pay Management Fees. The Management Fees and the Fees Subject to Offset as described above are generally subject to waiver or reduction by New Water, in its sole discretion, both voluntarily and on a negotiated basis with its investors. For example, New Water and certain of its current Principals and employees may invest directly or indirectly in the New Water Funds, and Management Fees with respect to such investments are usually waived.

To the extent provided in the Governing Documents of the New Water Funds, New Water is responsible for paying certain operating expenses, including expenses for rent, travel, entertainment, equipment, compensation of its partners and employees (other than Carried Interest, described in Item 6 below) and other ordinary overhead and administrative expenses relating to the services and facilities provided by New Water to the New Water Funds. A portfolio company of a New Water Fund may reimburse New Water for expenses (including without limitation travel expenses and expenses relating to meals and entertainment) incurred by New Water in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not included in the definition of “Fees Subject to Offset” under the terms of the applicable Governing Documents. Consistent with the Governing Documents of the applicable New Water Fund, each New Water Fund will bear all expenses relating to its activities, investments and business, to the extent not borne by its portfolio companies or New Water (as set forth above), including legal, accounting, audit, investment banking, consulting (including but not limited to, consulting fees incurred by the applicable New Water Fund for the benefit of its portfolio company and consulting fees and retainers paid to New Water’s Operating Executives and other consultants), fees paid to third-party valuation agents, financing, research, brokerage, brokers’, finders’, financing, real estate title, appraisal, printing, custodian, depository, transfer, registration, administrative, regulatory, or other fund-related reporting or filing obligations, advisory board, limited partner meetings, directors’ and officers’ and other insurance, interest, taxes and extraordinary expenses (including but not limited to, litigation, indemnifications costs and expenses, judgments and settlements), as well as such New Water Fund’s allocable share of expenses and fees generated in the course of evaluating and making investments (including without limitation, certain travel expenses and expenses related to meals and entertainment) which are not consummated and other similar fees and expenses.

Additionally, please see Item 6 below regarding “*Carried Interest*” that the New Water Funds may pay. Although New Water does not frequently utilize the services of broker-dealers to effect portfolio transactions for the New Water Funds, in the event that it chooses to use a broker-dealer for purposes relating to a particular New Water Fund, such New Water Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

Timing of Payments

Please refer to the subsection entitled “*Deduction of Fees; Timing of Payments; Termination*” described above.

Transaction-Based Compensation

New Water does not receive any compensation as broker or agent for the sale of securities or other investment products to any New Water Fund. Please refer to the subsection titled “*Economic Benefits Received from Third Parties*” below for information on other types of compensation that New Water may receive with respect to investments by the New Water Funds.

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

Performance-Based Fees

All New Water Funds are subject to performance-based compensation arrangements. A related entity of New Water, as general partner of a New Water Fund, will typically receive certain allocations calculated and charged based on a share of capital gains on or capital appreciation of the assets of such New Water Fund (“***Carried Interest***”). Such Carried Interest 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 New Water Fund is separate and distinct from the Management Fees charged by New Water to such New Water Fund for advisory services.

Arrangements regarding performance-based allocations received by Related Persons of New Water may create an incentive for New Water to recommend investments that may carry more risk or be more speculative than those that would be recommended under a different fee arrangement.

Side-by-Side Management

New Water Funds with similar investment strategies may, in the future, be subject to different performance-based compensation arrangements. If New Water or an affiliate is entitled to receive a higher percentage of the net profits of the account of one New Water Fund than the percentage that New Water or an affiliate receives from another New Water Fund with a similar investment strategy, then New Water may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the New Water Fund that is subject to the higher percentage.

To mitigate potential conflicts of interest, the allocation of commitments and investment decisions with respect to each New Water Fund will be made by New Water with respect to all New Water Funds in accordance with their Governing Documents and New Water’s investment allocation policy, which takes into account multiple criteria, including: (i) the investment objectives, strategies, guidelines and restrictions of each New Water Fund, (ii) the relevant allocation of investment opportunity provisions in a New Water Fund’s Governing Documents, (iii) the liquidity needs of each New Water Fund and the investment cycle of each New Water Fund; (iv) the respective holding periods for the prospective investments; (v) the nature of the disposition opportunity, including the size and source of the opportunity; (vi) current and anticipated market conditions; and (vii) tax, legal and/or regulatory considerations.

Please refer to the Governing Documents of each New Water Fund for complete information on the specific “performance-based fee” arrangements of each New Water Fund.

Item 7 - Types of Clients

Types of Clients and Investment Vehicles

New Water provides investment advice solely to the New Water Funds, which are pooled investment vehicles generally offered to accredited investors and qualified purchasers pursuant to Section 3(c)(1) or 3(c)(7) of the Company Act. As a result, the New Water Funds are not required to register as investment companies under the Company Act in reliance upon certain exemptions available to the New Water Funds, the securities of which are not publicly offered. The limited partners of the New Water 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.

New Water 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 New Water Funds and/or investors. Prospective investors are requested to refer to the Governing Documents of the applicable New Water Fund for complete details on any Feeder Fund that may be established by such New Water Fund and such New Water Fund's ability to make investments through AIVs.

Minimum Investment Requirements

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

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

Investment Strategies

As discussed in Item 4 above, the New Water Funds' primary investment strategy is to make private equity control investments in privately held North American lower middle market companies. The New Water Funds' portfolio companies principally operate in the Target Industries including, but not limited to, the consumer products, retail and industrial manufacturing & services industries. The New Water Funds will focus on Special Situations, which encompasses turnarounds, underperformers, corporate carve-outs, and companies in transition. The investment strategy utilized by New Water on behalf of the New Water Funds involves attempting to identify and capitalize on experienced operational resources, process orientation, and transactional and capital markets experience that are typical of large-scale private equity but not often available to the lower middle market segment. The strategy is focused on collaborative operational and transactional planning and the application and improvement of best practices learned and developed from prior experiences to create a differentiated investment approach as compared with New Water's competitors, based on strategy and fund size.

Methods of Analysis

Investments, and potential investments of the New Water Funds, are analyzed by New Water based upon the business strategy and focus of the target portfolio company and the relevant experience of the target portfolio company's officers and directors required to achieve the business strategy. New Water also considers general economic characteristics of potential investments, including revenue growth and stability of recurring revenue, strong cash flow margins, barriers to entry, high margins, the potential for becoming low-cost competitors in their industry sector, significant operating leverage, capital requirements, long-term customer relationships, and opportunities for add-on acquisitions.

New Water's principal sources of information in identifying investments include its proprietary network of industry participants, bankers, consultants, executives and professional advisors (including attorneys, accountants and other industry advisors), its Operating Executives, private offering memoranda, quarterly and annual reports, personal interviews with directors and officers of such entities, visits to such entities, SEC filings (if available) and general industry knowledge.

New Water determines the intrinsic value of each potential portfolio company acquisition through its own internal financial and operational analysis and, in some cases, by engaging with its Operating Executives, to understand the company's fundamental operational drivers, metrics, risks and relative competitive position. New Water systematically considers certain attributes and risks of the company in the context of a set of industry-specific criteria that assist it in predicting its future performance. These criteria include, but are not limited to: (i) the target portfolio company's performance relative to industry-specific operating metrics and financial performance; (ii) the sensitivity of the target portfolio company to fundamental drivers of change in the company's industry; (iii) the target portfolio company's particular

strengths and weaknesses relative to its competitors; and (iv) the target portfolio company's management and/or opportunity to enhance management.

Upon identifying a target portfolio company investment, New Water engages in a thorough financial and operational due diligence process that typically includes an underwriting presentation to New Water's Principals and the relevant Operating Executives, if any, as part of their periodic meetings. As part of the due diligence, New Water will rigorously consider the potential for revenue growth, cost reductions, productivity improvements or other solutions that can be implemented to enhance the value of a portfolio company immediately upon acquisition. Further diligence, if warranted, will serve to establish the original thesis of the investment and address the issues identified by the initial discussion.

Subsequently, New Water determines a suitable purchase price after weighing the factors outlined above and vigorously negotiates in order to obtain the best possible contract terms. These terms often include achievement of financial forecasts, cost reductions, indemnities and other protections from potential legal, tax and/or environmental liabilities, and additional considerations that address risks New Water has discovered and analyzed over the course of its due diligence process.

Material Risks

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

Nature of Investments

A substantial portion of a New Water Fund's investments will be in private equity or private equity-related investments that by their nature involve business, financial, market and/or legal risks. A New Water Fund's investments will be highly illiquid, and there can be no assurance that any such New Water Fund will be able to realize on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to investors.

While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that the general partner of a New Water Fund or New Water will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of a New Water Fund's activities.

Control Liability

A New Water Fund will typically seek to own a controlling percentage of the equity of its portfolio companies. A New Water Fund will generally appoint one or more representatives to the board of directors of the companies in which it invests. Significant or controlling ownership and serving on the board of directors of a portfolio company exposes a New Water Fund's representatives, and ultimately a New Water Fund itself, to potential liability because a New Water Fund or its representatives may in certain cases be thought to control, participate in the management of or influence the conduct of such portfolio company.

Non-Controlling Investments

A New Water Fund may, in limited instances, make minority equity investments in portfolio companies where it may have limited influence. Such a portfolio company may have economic or business interests or goals that are inconsistent with those of such New Water Fund, and the New Water Fund may not be in a position to limit or otherwise protect the value of its investment in the company, although as a condition of making such investments, it is expected that appropriate shareholder rights generally will be sought to protect the New Water Fund's investments. The New Water Fund's control over the investment policies of these companies may also be limited.

Limited Number of Investments

New Water may intend for a New Water Fund to participate in a limited number of investments and, as a consequence, the aggregate return of such New Water Fund may be adversely affected by the unfavorable performance of even a single investment. Although New Water intends to diversify each New Water Fund's portfolio to the extent reasonably possible within the confines of such New Water Fund's investment strategy, the inability of New Water to achieve this objective could adversely affect the performance of a New Water Fund. Furthermore, to the extent that the capital raised is less than the targeted amount, a New Water Fund may make fewer investments and thus be less diversified.

Investments in Distressed and Debt Securities

The New Water Funds primarily invest in the securities and obligations of distressed and bankrupt portfolio companies, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer of those obligations might not make any interest or other payments. In addition, these securities may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Distressed and 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 as described below, (ii) so-called "lender-liability" claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations and, in certain circumstances, (iv) challenges to claims based on face value of securities purchased at distressed levels against par.

Lower Middle Market Investments

A primary component of the New Water Funds' investment strategy is to invest in lower middle market portfolio companies. While investments in lower middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in large companies. Small- and medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management team. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small and medium-sized companies, could make it difficult for the New Water Funds to react quickly to negative economic or political developments.

Reliance on Other Management

The day-to-day operations of each portfolio company in which a New Water Fund invests will be the responsibility of such portfolio company's management team. Although New Water and each New Water

Fund's general partner will monitor the performance of a New Water Fund's portfolio companies and will screen for and, if necessary, recruit capable management, there can be no assurance that such management will be able to operate any such portfolio company in accordance with such New Water Fund's expectations.

Follow-On Investments

A New Water Fund may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in portfolio companies. There can be no assurance that a New Water Fund will have sufficient capital to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish a New Water Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development.

Litigation Risks

A New Water Fund will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of such New Water Fund. Legal disputes, involving any or all of the New Water Funds, their affiliates, or their portfolio companies, may arise from a New Water Fund's activities and investments and could have a significant adverse effect on such New Water Fund.

Changes in Environment

A New Water Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the New Water Fund operates may undergo substantial changes, some of which may be adverse to such New Water Fund. A drawn-out recession, downturns in the economy, deteriorations in the condition of an industry sector in which a New Water Fund has invested or adverse developments in the securities or credit markets may have an adverse impact on some or all of a New Water Fund's investments. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by a New Water Fund. In addition, factors specific to a portfolio company may have an adverse effect on a New Water Fund's investment in such company. The economic environment for all companies may remain challenging. All portfolio companies may face intense competition, changing business and economic conditions, risks of technological acceptance and obsolescence or other developments that may adversely affect their performance. The investment sourcing, selection, management and liquidation strategies and procedures exercised by New Water in the past may not be successful, or even practicable, during a New Water Fund's term.

Investments Longer than Term

A New Water Fund may invest in portfolio companies that may not be advantageously disposed of prior to the date that the New Water Fund will be dissolved, either by expiration of the New Water Fund's term or otherwise. Although the New Water Fund's general partner expects that investments will be either disposed of prior to dissolution or suitable for in-kind distribution at dissolution, the New Water Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Valuation of Assets

There is no actively traded market for most of the securities owned by the New Water Funds. When estimating fair value, New Water will apply a methodology consistent with ASC 820 and based on its best judgment that is appropriate in light of the nature, facts and circumstances of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments

are fairly valued is an important focus of New Water. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets. With respect to the New Water Funds, the exercise of discretion in valuation by New Water may give rise to conflicts of interest, as the performance allocation in certain Funds may be calculated based, in part, on these valuations.

Contingent Liabilities Upon Disposition

In connection with the disposition of an investment, the New Water Funds and their affiliates 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 and may be responsible for the content of disclosure documents under applicable securities laws. They 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 inaccurate. These arrangements may result in contingent liabilities, which shall be borne by the New Water Funds and ultimately, their investors.

Item 9 - Disciplinary Information

Neither New Water nor its Principals have not been the subject of any disciplinary event or material legal proceeding required to be disclosed in response to this item.

Item 10 - Other Financial Industry Activities and Affiliations

Registered Broker-Dealers

Neither New Water nor any of its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, New Water and its management persons are not affiliated with any broker-dealer.

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

Neither New Water 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 subsection titled "*Participation or Interest in Client Transactions and Personal Trading*," New Water and its Related Persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the New Water Funds. New Water and its Related Persons manage multiple New Water Funds. This can create conflicts in the allocation of time, resources and investment opportunities among the New Water Funds. Please refer to the Governing Documents of the relevant New Water Fund for complete information on the requisite time commitments (if any) of New Water and its Related Persons to the New Water Funds and the allocation of investment opportunities among the New Water Funds. Please also refer to the description of New Water's investment allocation policy described in the subsection "*Side-by-Side Management*" above.

Employees of New Water and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the New Water Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. In connection with such activities, employees of New Water may be given access to confidential information relating to companies in which the New Water Funds invest or may otherwise become subject to legal or contractual

restrictions on their ability to effect transactions for the New Water Funds. As a result, the New Water Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of certain portfolio companies, which prohibition may have an adverse effect on the New Water Funds. The above individuals may spend a substantial portion of their time with these related management activities.

From time to time, certain New Water Funds may hold or may acquire positions in portfolio companies in which other New Water Funds invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in companies in which a New Water Fund and one or more other New Water Funds have invested may not necessarily be pro rata based on existing ownership in such companies. The New Water Funds may have divergent interests with respect to exit strategies from such investments, restructuring the capital structure or business of such companies or other matters affecting the investment in such companies. To the extent that multiple New Water Funds hold an interest in the same company, disposition opportunities with respect to that investment shall, to the extent practicable, be allocated among such New Water Funds on a basis that is fair and equitable to each New Water Fund as determined by New Water taking into account all relevant facts and circumstances.

Selection or Recommendation of Other Advisers

New Water does not recommend or select other investment advisers for its clients. New Water does not have business relationships with other advisers that create a material conflict of interest in relation to New Water's clients.

Related General Partners

Various limited partnerships or other entities (the "***General Partners***") may serve as general partners of the New Water Funds and the Principals of New Water may be partners of one or more of the General Partners. For a description of material conflicts of interest created by the relationship among New Water 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

New Water has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing New Water's commitment to ethical conduct. New Water's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth, among other things, New Water's (i) policies on receipt of gifts and entertainment by supervised persons, (ii) political contributions by supervised persons and (iii) practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under New Water's Code of Ethics, all supervised persons have a duty to act only in the best interests of the New Water Funds and potential conflicts and violations of the Code of Ethics must be promptly reported to New Water's Chief Compliance Officer ("***CCO***"). All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of New Water that no person employed by New Water shall prefer his or her own interest to that of a New Water Fund or make personal investment decisions based on the investment decisions of the New Water Funds.

To supervise compliance with its Code of Ethics, New Water requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to the Firm's CCO. New Water requires such "access persons" to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by New Water's personnel, the CCO will maintain and make available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

New Water requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. New Water also has a policy prohibiting the trading of securities, either personally or on behalf of others, while in possession of material non-public information, or improperly communicating such information to others. Any individual not in observance of the above may be subject to discipline or termination.

New Water 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 and/or managing members of the general partners of each of the New Water Funds, New Water and its Related Persons have indirect beneficial interests in the securities owned by the New Water Funds and will share in any profits and losses generated by the New Water Funds' investments. Moreover, in certain situations, Related Persons of New Water may purchase interests in the same portfolio investments held by one or more New Water Funds. All such transactions are subject to compliance with New Water's Code of Ethics as described above and the Governing Documents of the applicable New Water Funds. Any access person who has or acquires ownership of an issuer through a private placement (excluding any indirect investment in an issuer via a direct or indirect interest in a New Water Fund) must affirmatively disclose that interest to the CCO if such access person is involved in considering or determining any subsequent investment decision regarding an investment by a New Water Fund in any security of that issuer or an affiliate.

New Water and/or certain Related Persons of New Water 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 New Water Funds in connection with certain "warehousing" transactions or more generally in connection with New Water's management of the New Water Funds, provided that the sale is consistent with New Water's fiduciary obligations to the New Water Funds. Such transactions will be fully disclosed and the written consent of the appropriate New Water Fund (which, in certain circumstances, may be provided by the New Water Fund's Advisory Board, as defined below) 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).

Moreover, New Water may, in limited instances, cause a New Water 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 New Water Fund, provided that the transfer is consistent with New Water's fiduciary obligations to each New Water Fund participating in the cross transaction.

While New Water endeavors at all times to act in the best interests of the New Water Funds, investors should be aware that such transactions create a potential conflict of interest.

Conflicts of Interest

New Water and its affiliates engage in a broad range of activities, including investment activities for their own account and for the account of the New Water Funds and provide transaction related, advisory, management and other services to operating companies, including portfolio companies of the New Water Funds. Below, New Water describes various conflicts of interest that may arise in respect of its business, as well as a description of how New Water addresses such conflicts of interest. The discussion below does not describe all conflicts that may arise.

Resolution of Conflicts

In the case of all conflicts of interest, New Water's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the New Water's best judgment, in its sole discretion. In resolving conflicts, New Water may consider various factors, including the interests of the applicable New Water Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- (1) New Water will not make an investment unless it believes that such investment is an appropriate investment considered solely from the viewpoint of the applicable New Water Fund.
- (2) Conflicts of interest will generally be resolved by set procedures contained in the relevant offering and Governing Documents of a New Water Fund, if applicable.
- (3) Generally, each New Water Fund has established an Advisory Board, consisting of representatives of limited partners not affiliated with New Water. The Advisory Boards meet as required to consult with New Water as to certain potential conflicts of interest.
- (4) Where New Water in its sole discretion deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price.
- (5) Prior to subscribing for interests in a New Water Fund, each investor (other than certain third party investors in a co-investment fund) receives information relating to significant potential conflicts of interest arising from the proposed activities of the New Water Fund.
- (6) On any issue involving actual conflicts of interest, New Water will be guided by its good faith judgment.

Allocation of Investment Opportunities

See Item 6, above, "Side-by-Side Management".

Allocation of Fees and Expenses

The appropriate allocation between the New Water Funds, investors and third parties of expenses and fees generated in the course of evaluating and making investments (including expenses and fees incurred in transactions which are not consummated), such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by New Water and its affiliates in their sole discretion, in each case using good faith and their best judgment, consistent with the Governing Documents of the New Water Funds, as applicable.

Providers of Operations Support

New Water and New Water Fund portfolio companies will from time to time retain other companies or individuals, which may be affiliates of New Water; employees of such affiliates or portfolio companies of a New Water Fund; third-party consultants including individual consultants, consulting firms, and New Water Operating Executives (collectively "***Special Consultants***"). The Special Consultants may be engaged to provide services to, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and/or disposition of such portfolio companies, including operational aspects of such companies ("***Services***"). Pursuant to the applicable Governing Documents, fees and expenses associated with the Service (collectively "***Consulting Fees and Expenses***") may be paid and/or reimbursed by applicable portfolio companies and/or the New Water Funds. Consulting fees and expenses may, at the discretion of New Water, taking into account the particular Services, include a profits or equity interest in a portfolio company or other incentive-based compensation to the Special Consultant.

Fee Structure

Because Management Fees are, at certain times during the life of the New Water Funds, based upon capital invested by the New Water Funds, this fee structure may create an incentive to deploy capital when New Water may not otherwise have done so. Additionally, as discussed above in Item 6, the General Partners of the New Water Funds are entitled to Carried Interest under the terms of the Governing Documents of such New Water Funds. Such General Partners are affiliates of New Water. The existence of the General Partners' Carried Interest may create an incentive for New Water to cause such New Water Funds to make riskier or more speculative investments than they would otherwise make in the absence of performance-based compensation.

Related Services

As described in Item 5 above, New Water may perform Related Services for, and may receive fees from, actual or prospective portfolio companies or other investment vehicles of the New Water Funds. Such fees will be in addition to any Management Fees or Carried Interest paid by the New Water Funds to New Water. Consistent with the New Water Funds' respective Governing Documents, New Water may incur expenses, and a portfolio company may reimburse New Water for expenses (including without limitation travel expenses, and expenses related to meals and entertainment) incurred by New Water in connection with its performance of services for such portfolio company. This may create a conflict of interest between New Water and its affiliates on the one hand and the New Water Funds and their investors on the other hand, because the amounts of these fees and reimbursements may be substantial and the New Water Funds and their investors generally have only a specified interest in these fees. New Water determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not be immediately apparent to investors in the New Water Funds. New Water and its affiliates will in some circumstances offset the amount of Management Fees paid by the applicable Fund against such Fund's share of such fees from Related Services. The amount and nature of this reduction may vary among New Water Funds and is set forth in the Governing Documents of the applicable New Water Fund. Entities other than the New Water Funds that participate in investments alongside the New Water Funds (such as entities through which New Water and certain employees and affiliates of the Adviser invest alongside the New Water Funds) may have a right to share in such fees, and Management Fees will generally not be reduced in connection with the receipt of such entities' share of such fees. As some New Water Funds may not pay Management Fees, any such reduction may not benefit such New Water Funds. In many cases with respect to the implementation of such arrangements, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest may exist in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

Other Conflicts

New Water and the New Water Funds will generally engage common legal counsel and other advisers in a particular transaction, including transactions in which there may be conflicts of interest. Members of the law firms engaged to represent the New Water Funds may be investors in a New Water Fund, and may also represent one or more portfolio companies or investors in a New Water Fund. In the event of a significant dispute or divergence of interest between the New Water Funds and New Water and/or its affiliates, the parties may engage separate counsel in the sole discretion of New Water and its affiliates. Moreover, in litigation and certain other circumstances separate representation may be required. Additionally, New Water and the New Water Funds may engage other common service providers. In such circumstances, there may be a conflict of interest between New Water and the New Water Funds in determining whether to engage such service providers, including the possibility that New Water may favor the engagement or continued engagement of such persons if it receives a benefit from such service

providers, such as lower fees, that it would not receive absent the engagement of such service provider by the New Water Funds.

Item 12 - Brokerage Practices

Discretionary Brokerage

The New Water Funds invest primarily in private equity investments, although they may acquire, sell or distribute public securities on occasion (for example, where a New Water Fund receives shares of a company as part of a general distribution or initial public offering). Subject to the investment objectives, policies and restrictions of each New Water Fund, as set forth in such New Water Fund's Governing Documents, New Water will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the New Water Funds and negotiate the commission cost to be paid.

In the limited instances where New Water selects brokers, New Water's primary consideration will be to obtain the most favorable net result for the New Water Funds under the circumstances, which may not involve the lowest possible commission cost. In selecting broker-dealers to effect securities transactions, New Water seeks to obtain best execution by considering factors including, but not limited to, 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

New Water does not engage in soft dollar arrangements with respect to securities transactions for the New Water Funds.

Brokerage and Client Referrals

New Water does not consider referrals of investors to the New Water Funds in determining its selection of broker dealers or other third parties.

Trade Aggregation

Although New Water does not often trade in public securities, in such circumstances where more than one New Water Fund is either selling or buying the same type of security, New Water will, to the extent possible, generally place a combined order for two or more New Water Funds it manages 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 New Water Funds' Governing Documents, and otherwise in the best interest of the New Water Funds.

Item 13 - Review of Accounts

Review of Client Accounts

The investments made by the New Water Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. New Water will continuously monitor portfolio investments on behalf of the New Water Funds. Investments are reviewed in the context of each New Water Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each New Water Fund. Members of New Water's investment committee meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the New Water Funds. A review of the portfolio investments made by the New

Water Funds may also be triggered by, without limitation, changes in market conditions, the deployment or return of capital, or changes to investment objectives or policies.

Reports to Clients

The general partners of each New Water Fund distribute quarterly and annual written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, certain descriptive investment information relating to the New Water Funds' investments and the audited financial statements of the New Water Funds. The quarterly reports generally contain unaudited financial statements of the New Water Funds for the fiscal quarter and certain descriptive investment information relating to the New Water Funds' investments.

Investors are requested to refer to the Governing Documents of each New Water Fund for further information on the reports provided by a particular New Water Fund to its investors.

Item 14 - Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

For details regarding economic benefits provided to New Water by non-clients, including a description of the related materials conflicts of interest and how they are addressed, please see Item 11 above. Investors should refer to the Governing Documents of each of the New Water Funds for complete information on the additional compensation received by New Water or its affiliates or supervised persons in connection with a particular New Water Fund's investments and the amount of the applicable Management Fee offset.

Third Party Compensation for Client Referrals

New Water and related entities of New Water may enter into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to a New Water Fund. In accordance with the terms of the relevant New Water Fund's Governing Documents, any sales charge associated therewith will ultimately be payable by New Water and/or its related entities, either directly or through an offset of the Management Fee payable by the relevant New Water Fund to New Water. An investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

New Water endeavors at all times to put the interests of the New Water Funds first as part of New Water's fiduciary duty. Nevertheless, the receipt of compensation by the placement agents creates a potential conflict of interest, and may affect the judgment of placement agents when making referrals to New Water and the New Water Funds.

Item 15 - Custody

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

It is New Water's policy to cause each New Water Fund with assets over which New Water is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors within ninety (90) days after the close of each fiscal year (subject to reasonable delays). In addition, upon the final liquidation of any such New Water Fund, New Water will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such New Water Fund to all investors promptly after completion of the audit.

Item 16 - Investment Discretion

Subject to the investment objectives, policies and restrictions of each New Water Fund as set forth in the Governing Documents of such New Water Fund, New Water has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each New Water Fund. New Water is provided with this authority pursuant to a limited power of attorney granted via the applicable Governing Documents.

Item 17 - Voting Client Securities

Because New Water has, or will accept, authority to vote securities held by a New Water Fund, it has adopted policies and procedures (the “*Proxy Voting Policies and Procedures*”) that have been designed to ensure that New Water complies with the requirements of the Advisers Act and reflect New Water’s commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the New Water Funds.

When exercising its voting authority over client securities, New Water considers all relevant information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. New Water votes all proxies in a prudent manner, considering the prevailing circumstances at such time and in a manner consistent with the Proxy Voting Policies and Procedures and New Water’s fiduciary duties to the New Water Funds.

New Water reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable New Water Fund. As a result, depending on the New Water Fund’s particular circumstances, New Water may vote one New Water Fund’s securities differently than it votes those of another New Water Fund, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, New Water may determine that it is in a New Water Fund’s best interest for New Water to “abstain” from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, New Water, in consultation with the CCO and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of New Water, its owners, its employees or its Related Persons, with persons having an interest in the outcome of the vote. If a material conflict exists, New Water takes steps to ensure that its voting decision is based on the best interests of the applicable New Water Funds and is not a product of the conflict. New Water may, at its discretion, (A) seek the advice of the applicable advisory committee in voting such security (if any); (B) disclose the conflict of interest to the limited partners of the New Water Fund and defer to the New Water Fund’s voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with New Water’s outside counsel) which would serve the best interest of the New Water Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

New Water will deliver to each limited partner of a New Water Fund, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable New Water Fund.

Item 18 - Financial Information

New Water 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.

Item 19 - Requirements for State-Registered Advisers

Item 19 is not applicable to New Water.