

Newbury Associates LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Newbury Associates LLC (“Newbury”). If you have any questions about the contents of this brochure, please contact us at 203.428.3600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Material Changes

This brochure contains information about Newbury and there have been no material changes since its adoption.

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Advisory Business

Newbury serves as manager to partnerships and limited liability companies formed in U.S. and foreign jurisdictions, including funds of funds holding primary and secondary investments in buyout, venture capital or mezzanine partnerships, as well as direct investments (co-investments) in operating entities and companies.

Newbury was founded in 2006 and its principal owners include Mr. Richard Lichter and Chester Capital, which is an indirect wholly-owned affiliate of the Parkwood Corporation (“Parkwood”). Newbury currently manages assets on a discretionary basis in four master funds, Newbury Equity Partners L.P. (“NEP I”), Newbury Equity Partners II L.P. (“NEP II”), Newbury Equity Partners III Holdings L.P. (“NEP III”), and Newbury Equity Partners IV L.P. (“NEP IV”) (NEP I, NEP II, NEP III, and NEP IV are referred to as the “Master Funds”). Newbury offers investments in the Master Funds through Cayman and German based “Feeder Funds”, as well as direct investment into the Master Funds (the Feeder Funds and the Master Funds are referred to as the “Funds”). As of December 31, 2018, the Funds had \$3.320 billion in regulatory assets under management.

Fees and Compensation

Newbury is compensated for providing services to the Funds as set forth in the respective Limited Partnership Agreements and other Fund offering materials. The compensation includes both management fees, which are payable quarterly in advance, and performance-based fees. The

management fees are dependent on what point the Funds are in their life cycle (e.g., commitment period, etc.) and may be offset by various fees received by Newbury. The performance-based fees are dependent on, among other things, investors' achievement of a preferred return on their Fund investment. Since the Funds' Limited Partnership Agreements limit the rights of Fund investors, except under limited circumstances, to withdraw from the Funds, investors will not be able to relinquish their obligation to pay the management and performance-based fees specified in Fund offering materials, once they are admitted into the Funds.

In addition to Newbury's management and performance-based fees, Fund investors bear indirectly the fees and expenses charged to the Funds. These fees will vary, but typically include professional fees such as legal and accounting fees, management fees and performance-based fees charged by the underlying fund managers and sponsors in which the Funds invest, and all costs and expenses related to the transaction sourcing, acquisition, carrying, monitoring, or disposition of investments including, among other things, travel (which may, on occasion, include the use of non-commercial planes), conference fees, publications and subscriptions, postage, telecommunication fees, and other such expenses. Expenses incurred during the sourcing or research process are charged to the Funds whether or not any such purchase or sale is consummated. For a full description of the fees and expenses charged to the Funds, please refer to the applicable Fund's governing documents, including the limited partnership agreement and the offering document.

The Funds may invest in fund of funds interests. In such instances, investors incur their pro rata share of three distinct layers of management, incentive, and other fees and expenses. This includes one layer associated directly with the management of the Funds managed by Newbury, a second layer assessed by the underlying fund of funds managers and sponsors, and a third layer assessed by the underlying fund managers and sponsors selected by the underlying fund of funds managers and sponsors.

Prospective and existing investors in the Funds are advised to review the applicable Fund offering materials for a more extensive description of the fees and expenses associated with an investment in the Funds.

Finally, certain investors in the Funds pay discounted management and/or performance-based fees based on their investment in the Funds as contemplated in their relevant "side letter" arrangements with Newbury. Please refer to the Types of Clients section for additional details on "side letters." Notwithstanding, such investors pay for their pro-rata share of Fund expenses. In addition, the Funds' General Partners do not pay management or performance fees on their investment in the Funds.

Performance Based Fees and Side-by-Side Management

As stated in the Fees and Compensation section above, Newbury charges performance-based fees which are fees based on a share of realized capital gains and sources of income such as interest and dividends. Performance-based fees are only paid to Newbury when specific conditions are met, including the return of all capital contributed to the Funds by investors and the satisfaction of an IRR test.

The fact that the Newbury is in part compensated based on the performance of the Funds may create an incentive for Newbury to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangement. Notwithstanding, Newbury manages the Funds in accordance with the investment strategy disclosed in the Funds' offering materials to ensure that investors are aware of the investment strategy and the risks associated with the strategy.

Types of Clients

As stated in the Advisory Business section above, Newbury's clients are partnerships and limited liability companies formed in U.S. and foreign jurisdictions. The entities are privately-offered fund-of-funds that invest in primary and secondary investments in buyout, venture capital and mezzanine partnerships, as well as direct investments (co-investments) in operating entities and companies.

The investors in the Funds include, among others, U.S. and foreign-based high net worth individuals, corporations, trusts, pensions, financial institutions, and government entities. Although the Funds' minimum subscription amounts range from \$5 to 10 million, the minimums may be waived at Newbury's discretion in accordance with any applicable provisions in the Funds' offering materials.

The Funds and/or Newbury will be authorized, without the approval of any investor, to enter into "side letters" or similar written agreements with investors that have the effect of establishing rights under, or altering or supplementing the terms of the Limited Partnership Agreement, such investor's Subscription Agreement or other related agreements. The ability of other investors to elect to receive the benefit of such side agreements will be limited.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy. Newbury's investment strategy generally consists of pursuing negotiated small and mid-sized secondary transactions in private fund interests. Newbury employs a value-focused approach to pricing transactions through fundamental portfolio analysis. Newbury reviews the underlying investments in the portfolios it evaluates, leveraging its database of information and network of industry contacts to perform due diligence. In its valuation analysis, Newbury seeks to identify value driving underlying companies as well as significant issues in underlying portfolios. Newbury's investment strategy results in a diversified portfolio with assets balanced across the major private equity markets. To a substantially lesser extent, Newbury's investment strategy additionally involves direct participation in private fund interests and direct investments (co-investments) in operating entities and companies.

Investment Process. Newbury's investment process incorporates the following key elements:

1. ***Proactive Deal Sourcing*** - Newbury focuses on identifying high quality investment opportunities in non-competitive situations. Newbury's deal sourcing occurs in a number of ways, including but not limited to, on-going contact with its existing network of contacts, participating in annual meetings of its private equity funds, responding to inbound inquiries from potential sellers, and the occasional use of and payment to third-party finders.

2. ***Seller Negotiations*** - Newbury engages with sellers throughout the transaction process, from initial contact to final pricing and execution. The engagement enables Newbury to gain insight into the key issues and motivations facing sellers, establishes personal relationships with the important decision makers and secures valuable information about the underlying assets.
3. ***Portfolio Due Diligence*** - Newbury conducts a review of the underlying investment positions in the private equity funds it evaluates, leveraging its database of information and network of industry contacts to perform due diligence.
4. ***Disciplined Valuation and Approval Process*** - Newbury constructs cash flow models for the private equity funds and transactions it evaluates (including direct investments (co-investments) in operating entities and companies). This analysis provides assessments of a private equity fund's current value and Newbury's projected returns (value and timing) by investment, while factoring in underlying fees, expenses and carried interest. The resulting output enables the Newbury Investment Committee ("NIC") to scrutinize the drivers of returns in each transaction and to weigh these returns against the risks and overall concentrations.
5. ***Focus on Transaction Execution*** - Newbury focuses senior level resources on completing transactions as efficiently as possible. Newbury sees transaction execution as an integral part of maximizing returns and minimizing risks in the Funds.

Investment Risks. An investment in the Funds entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks of the Funds and bearing the risks it represents. Set forth below is a non-exhaustive list of such risks; however, prospective investors are advised to review the applicable Fund offering materials for a more extensive description of the risks of investing in the Funds:

1. No established market for secondary investments exists
2. Unfunded capital commitments associated with secondary investments
3. Pooled investments in secondaries
4. Illiquidity of investments by the Funds
5. Reliance on management of private equity funds
6. Changes in legal, fiscal, and regulatory regimes
7. Nature of equity or equity-related investments
8. Nature of mezzanine investments
9. Nature of venture capital investments
10. Non-U.S. investments
11. Investments with third parties
12. Dependence on Newbury's key personnel
13. Portfolio concentration
14. Lack of liquidity of interests in the Funds and the Funds' underlying investments
15. Investment environment and market risk
16. Market volatility risk

Risk of Loss. Investments in private equity funds and the underlying private equity securities in which they invest are highly speculative. The Funds may not be successful in meeting their performance objectives. A successful program of investing is subject to risks related to (i) the quality of the management of the respective private equity funds in which the Funds invest; (ii) the ability of Newbury and management of the private equity funds to select successful investment opportunities; (iii) general economic conditions; and (iv) the ability of the Funds and the private equity funds to liquidate their investments. Investors should not subscribe to the Funds unless they can bear the risk of a complete loss of their committed capital. In the event that management of a private equity fund proves to be inferior, the Funds will not have the ability to cause a change in management and, in most circumstances, will not be permitted to withdraw or sell its investment.

Newbury cannot provide assurance that it will be able to choose, make and/or realize investments in any particular private equity fund or portfolio of investments. There is no assurance that the Funds will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategy. The marketability and value of any such investment will depend upon many factors beyond the control of the Funds. The expenses of the Funds may exceed their income, and an investor in a Fund could lose the entire amount of its contributed capital. Therefore, an investor should only invest in a Fund if the investor can withstand a total loss of its investment. The past investment performance of Newbury cannot be taken to guarantee future results of the Funds or any investment in the Funds.

Disciplinary Information

The Company and its employees have not been involved in legal or disciplinary events that would be material to an investor's evaluation of Newbury or its personnel.

Other Financial Industry Activities and Affiliations

As stated in the Advisory Business section above, Newbury is affiliated with Parkwood via a minority ownership interest in Newbury by Chester Capital. Parkwood is a Cleveland-based corporation providing private trust services, including investment advice, multi-generational tax and estate planning, and other professional services. In addition to its ownership in Newbury, Parkwood invests in the Funds through the general partner and as a limited partner and is a member of the Funds' Advisory Boards. Notwithstanding the foregoing, Parkwood is not a member of the NIC and investment decisions made by Newbury are independent from investment decisions made by Parkwood and/or its affiliates. Parkwood, as a result of its minority ownership, has certain investor rights that are not available to any other Newbury investor. Newbury does not believe that its relationship with Parkwood creates any material conflicts of interests with the Funds and/or investors.

From time-to-time, Newbury may structure and serve as the general partner to special-purpose vehicles ("SPV's") formed for the purpose of acquiring and holding Fund assets and addressing specific tax, legal, or regulatory concerns. The SPV's are typically pass-through entities that receive no management fees, performance fees or other economic benefit in connection with the acquisition of Fund assets.

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

Newbury recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its investors; (ii) its long-term business interests are best served by adherence to the principle that the interests of investors come first; and (iii) it has a fiduciary duty to its investors to act for their benefit. All Newbury personnel must put the interests of the Funds and their investors before their own personal interests and must act honestly and fairly in all respects in dealings with investors. All Newbury personnel must also comply with all federal securities laws.

Newbury has adopted a Code of Ethics governing personal trading by its personnel. Among other requirements, all personnel must seek pre-approval from the Chief Compliance Officer (“CCO”) for certain personal trades, must report their personal securities transactions and holdings to the CCO, and must act as “whistleblowers” when it is believed that a violation of the Code of Ethics has occurred. The Code of Ethics additionally requires the CCO to regularly review all personal trading documents and to address any issues noted during the review, including the appropriateness of imposing a penalty for violations of the Code of Ethics. Investors or prospective investors may obtain a copy of the Code of Ethics by contacting Mr. Gerry Esposito (Newbury’s Chief Financial Officer and Chief Compliance Officer) via phone at 203.428.3600.

Eligible Newbury personnel hold, through the Funds’ general partner, financial interests in the Funds. Additionally, Newbury personnel do personally invest in some of the same investments that are held by the Funds, and they may own investments that are subsequently purchased for the Funds. In such cases, the CCO will pre-approve such transactions to evaluate any potential conflicts of interest resulting from the employee’s ownership.

Brokerage Practices

Secondaries. The secondary transactions are private transactions that are not completed by a broker/dealer.

Publicly-Traded Assets. From time-to-time, Newbury receives distributions in the form of publicly-traded securities from the private equity funds and co-investment interests held by the Funds. In such cases, Newbury utilizes brokerage accounts with third-party broker/dealers to hold and dispose of the securities as expediently and efficiently as possible. Certain distributions related to co-investment interests may be held for longer periods of time. However, given the fact that Newbury generally uses one broker/dealer to execute the sell transaction for each security received (i.e., the broker/dealer who receives the distributed security), the disposition might not always be executed at the lowest available price or commission. Notwithstanding, Newbury will review the overall quality of executions as they occur.

Transactions in Foreign Securities. Transactions in foreign securities may entail materially higher commission rates, reflecting settlement costs in the country of execution. To the extent that securities are required to be custodied or traded in a foreign country, the local foreign custodian charges the broker in accordance with local custom. These fees will be charged to the Funds as

incurred. In addition to the risks of the investment, foreign securities investments also entail risks of fluctuation in the exchange rate between the local currency and the U.S. dollar.

Use of Placement Agents as Executing Brokers. Newbury has utilized and compensated “placement agents” to raise capital for the Funds in privately-offered placements. The placement agents are broker/dealers that Newbury may also utilize to provide custodial and execution-related services to the Funds as described above. In such instances, the executing broker/dealers have been chosen for use by Newbury due to the overall ability of the broker/dealer to deliver quality services to the Funds, and not solely due to the placement agent services provided.

Review of Accounts

Newbury monitors the investments in the Funds throughout the lives of the Funds and uses financial models and other tools to track and analyze the portfolio characteristics of the private equity funds as well as the underlying companies in the private equity funds (refer to the Methods of Analysis, Investment Strategies and Risk of Loss section above). Newbury’s investment personnel meet on a regular basis to collectively review and discuss the Funds’ potential investment opportunities and the NIC convenes on an as-necessary basis to discuss current Fund holdings, proposed investment opportunities, and other Fund matters.

Newbury provides the Funds’ audited financial statements to investors on an annual basis. On a quarterly basis Newbury provides “Quarterly Reports to the Limited Partners”, which include unaudited quarterly financial statements and a quarterly report that discusses, among other things Fund investment activity, distributions, and commentary.

Client Referrals and Other Compensation

As stated in the Brokerage Practices section above, Newbury has utilized placement agents to raise capital for the Funds, and may do so for future capital fundraisings. Arrangements with placement agents generally require Newbury to pay the placement agent a fee over a specified time period, equal to an agreed percentage of investors’ subscription amounts. The dollar amount of the placement agent fee is paid out of the Funds, but credited as an offset to the management fees paid by the Funds.

Newbury has entered into an agreement to provide monthly Valuation Reports to a European-based entity that holds private equity funds and other assets. Under no circumstance will Newbury provide valuation or other types of services to the extent that doing so creates a material potential conflict of interest with the Funds. It will evaluate such opportunities as they arise based in part on the ability of such services to be accretive and synergistic to its management of the Funds.

Custody

With the exception of the interests in the private equity funds, which are defined as “privately offered securities” per Rule 206(4)-2 under the Investment Advisers Act of 1940), all Fund assets are held in custody by unaffiliated broker/dealers or banks acting in the capacity as “qualified custodians”.

Notwithstanding the foregoing, Newbury's role as general partner to the Funds enables it to access Fund assets and Newbury has developed procedures that ensure the safeguarding and protection of the assets. Such procedures include, among other things, the separation of administrative functions and dual signatory approvals for the distribution of Fund capital.

The Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles, issued with an unqualified opinion, and distributed within 180 days of the Funds' fiscal year ends.

Investment Discretion

Newbury maintains the authority to manage the Funds on a discretionary basis in accordance with the terms set forth in the Funds' Limited Partnership Agreements.

Voting Client Securities

Due to the nature of Newbury's investment strategy and the types of investments made on behalf of the Funds, Newbury is rarely requested to vote the proxies of traditional operating companies. Given the fact that the Funds primarily invest in private equity funds, it is more common for Newbury to receive requests related to amendments, consents, and/or resolutions as a result of investments in private equity funds. However, as noted, securities are occasionally distributed to the Funds and under such circumstances Newbury could receive any proxy solicitations for such securities. Similarly, with respect to direct co-investments, Newbury may occasionally receive proxy solicitations when it has not delegated proxy voting authority to a third-party, such as the co-investment lead manager. Newbury will vote proxy proposals, amendments, consents, and/or resolutions (collectively, "proxies") in a manner that serves the best interests of the Funds in accordance with its fiduciary duty. In so doing, investment personnel may take into consideration recommendations made by third-parties, such as lead managers for co-investments.

Investment personnel will consider whether Newbury is subject to any material conflict of interest in connection with each proxy vote. Newbury personnel must notify the CCO if they are aware of any potential material conflict of interest associated with a proxy vote.

If the CCO and/or Newbury detect a material conflict of interest in connection with a proxy solicitation, the CCO will convene a meeting of the NIC. The vote under consideration and the perceived conflict of interest will be discussed and the NIC will reach a consensus and make a recommendation regarding the proxy vote. The CCO will record the recommendation and will then vote the proxy according to the consensus recommendation.

Newbury will record all votes on proxies, and investors may contact Mr. Gerry Esposito via phone at 203.428.3600 to obtain a copy of Newbury's complete Proxy Voting policy and procedures as well as information about how Newbury voted proxies over the past twelve months. As a matter of general policy, Newbury does not disclose how it expects to vote on upcoming proxies.

Financial Information

Newbury has never filed for bankruptcy and is not aware of any financial condition that is expected to adversely affect its ability to manage the Funds.

Miscellaneous

Newbury employees may receive discounts or other promotions from underlying portfolio companies held by the private equity funds in the Funds. This benefit would not exist were it not for the Funds ownership of the private equity funds.