



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. 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

New Water filed its most recent Form ADV Part 2 on March 30, 2023. This annual amendment updates the description of the business practices of New Water and its affiliates relating to the terms and operations of the New Water Funds (as defined herein).

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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 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 pooled investment vehicles (the “**New Water Funds**”), organized to make private equity investments in North American lower middle market companies whose complex problems mask what New Water believes to be their intrinsic value (generally referred to herein as “**portfolio companies**”). The New Water Funds include: New Water Capital Partners, L.P. (“**Fund I**”); NWC AIV, L.P., NWC Real Estate AIV, L.P., and NWE Capital Partners AIV, L.P., all alternative investment vehicles formed to facilitate certain investments made by Fund I (“**Fund I AIVs**”); and New Water Capital Partners II, L.P. and New Water Capital Partners II-A, L.P. (together, “**Fund II**”). The New Water Funds will primarily seek to acquire controlling interests in lower middle market companies within the Target Industries that are undergoing financial or operational stress. New Water will not recommend solely one particular type of security, and the portfolio investments of the New Water Funds will not be limited to companies within 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. Each of NWC Partners GP, L.P., NWC Partners GP AIV, L.P., and NWC Partners GP II, L.P., (the “**General Partners**”) is subject to the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) pursuant to New Water’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with New Water.

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 (each, a “**Partnership Agreement**”) and investment management agreement. Investors and prospective investors of each New Water Fund should refer to the confidential private placement memorandum, 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 are permitted to enter into “side letters” or similar agreements (“**Side Letters**”) with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges (including with respect to economic or other terms) that are not made available to investors generally and that have the effect of altering or supplementing the terms of the relevant Governing Documents with respect to such investors.

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. As of December 31, 2023, New Water managed approximately \$470.4 million in client assets on a discretionary basis.

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 (the "**Management Fee**") and a Carried Interest (as defined below). As further described below, New Water or other New Water entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the New Water Funds, and a portion of such additional compensation will offset in whole or in part the Management Fees otherwise payable to New Water. 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 are 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 will 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.

As further described in the relevant Governing Documents, a New Water Fund generally will pay New Water an annual Management Fee equal to 2.0% of capital commitments from investors to such New Water Fund ("**Commitments**"), as calculated in accordance with the Governing Documents. Payments of the Management Fee will be made quarterly in advance, in an amount equal to 25% of the annual Management Fee for such year. The Management Fee will be reduced following certain events specified in the Governing Documents. The Management Fee generally will be payable until all portfolio investments are distributed or until New Water's relationship with the New Water Fund is terminated for other reasons (as described in the relevant Governing Documents). Installments of the Management Fee payable for any period other than a full quarterly period are adjusted on a *pro rata* basis according to the actual number of days in such period.

The Governing Documents permit New Water to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of after-tax capital such General Partner would otherwise be required to contribute to New Water. The limited partners of New Water may be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of New Water in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver has the potential to result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described below, and the amount of such waived or reduced Management Fees has the potential to be significant.

Deduction of Fees; Timing of Payments; Termination

As a general matter, New Water will charge Management Fees to the New Water Funds pursuant to 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 expect to perform consulting, management, advisory, monitoring, transaction-related, financial advisory and other services (“**Related Services**”) for, and receive related 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 “Fees Subject to Offset” are 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 have the potential to be substantial and are permitted to 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, New Water will offset a portion (generally 80%, calculated net of any unreimbursed out-of-pocket expenses of New Water incurred in connection with the Related Services) of the value 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. To the extent that such an offset credit would reduce the Management Fee for a given quarterly period below zero, the credit will be carried forward for future application against payable Management Fees, and if a credit remains upon liquidation, a payment will be made crediting limited partners unless a limited partner has elected to waive such amount (e.g., where an adverse tax consequence may result). New Water is authorized (in its sole discretion) to agree to pay a portion of a transaction fee to a third party (“**Third Party Fee**”), such as a consultant, Operating Executive (as defined below), 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. Each of the foregoing conditions described in the Governing Documents is expected to reduce the amount of Fees Subject to Offset otherwise available to be offset against Management Fees, resulting in a potential material benefit to New Water over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for New Water to seek to increase such amounts.

Additionally, as further described herein and in the applicable Governing Documents of each New Water Fund, it is New Water’s practice to retain certain industry executives and professionals (such persons, as well as any entities formed for the benefit of such persons and/or to facilitate the provision of their services, “**Operating Executives**”) to provide services to (or with respect to) one or more New Water Funds or certain current or prospective portfolio companies in which such New Water Funds invest. Operating Executives generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. These services also are permitted to include serving in management or policy-making positions for portfolio companies. New Water intends to structure Operating Executive compensation in a manner it believes useful to the arrangement, including but not limited to transaction fees, a profits or equity interest in a portfolio company, profits or equity interests in one or more New Water Funds or General Partners, or other compensation, which typically is determined according to one or more methods in New Water’s good faith judgment, including the value of time spent (including, where applicable, an allocation for overhead and other fixed costs), a percentage of the value of portfolio companies served, the invested capital exposed to portfolio companies served, amounts charged by other providers for comparable services and/or a percentage of cash flows from such portfolio companies served. For a discussion of material conflicts of interest created by the receipt of such fees in connection with the use of Operating Executives, please see Item 11 below. 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. Furthermore, the General Partners reserve the right to agree with Operating Executives, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed

to such persons relating to one or more investments will be paid in the form of a profits, participation or equity interest granted in the relevant investments or related intermediate entities. While such an arrangement is more favorable to the relevant New Water Fund in that it does not involve an initial cash outlay for the payment of expenses, and could be further favorable to the relevant New Water Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits, participation or equity interest generally would have a dilutive impact on the New Water Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation, which in either case could be substantial.

In addition, New Water and/or its affiliates generally have discretion over whether to charge Fees Subject to Offset in connection with Related Services to a portfolio company and, if so, the rate, timing and/or amount of such Fees Subject to Offset. The receipt of such compensation, and the fact that only a portion of such compensation is used to offset the Management Fees generally will give rise to potential conflicts of interest between the New Water Funds, on the one hand, and New Water and/or its affiliates on the other hand. For a discussion of potential conflicts of interest created by the receipt of fees in connection with Related Services, please see Item 11 below. Due to waived or reduced Management Fees by New Water (as described above) and/or timing of receipt of compensation subject to offsets, it is possible that Management Fee offsets will not be fully realized by investors in a New Water Fund until the final disposition of such New Water Fund's assets and distribution of proceeds.

Other Information

The amount of Management Fees, fund expenses, and the amount of the offset relating to Fees Subject to Offset as described above differ from one New Water Fund to another. 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. Principals or other employees of New Water generally receive a portion of the Management Fee, carried interest or other compensation received by New Water or its affiliates.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

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 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 is permitted to 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.

In addition to the Management Fee and potential carried interest payable to New Water or its affiliates, each New Water Fund bears certain expenses. Each New Water Fund pays the organizational and start-up expenses of such New Water Fund, including legal, accounting, filing and other related expenses, subject to a cap specified in the Governing Documents. As more fully set forth in the applicable Governing Documents, each New Water Fund also 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, retainers and other compensation 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 (excluding, for the avoidance of doubt, compliance or related

expenses relating to New Water's registration as an (i) investment adviser with the SEC or (ii) an alternative investment fund manager in the UK under the Alternative Investment Fund Managers Directive ("AIFMD"), 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 (such expenses, "**Broken-Deal Expenses**") and other similar fees and expenses. The New Water Funds also bear expenses indirectly to the extent a portfolio company pays expenses, including the expenses of New Water or its affiliates. As is typical for private equity funds, the New Water Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment vehicles, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in Item 12.

Additionally, please see Item 6 below regarding "*Carried Interest*" that certain New Water Funds pay. New Water expects to utilize the services of broker-dealers to effect portfolio transactions for the New Water Funds, and in doing so will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

As described above, in certain circumstances, the relevant General Partner is expected to permit investors (including, for example, existing limited partners, lenders or other service providers and/or senior portfolio company personnel) to invest or co-invest in portfolio companies alongside one or more Funds, subject to New Water's related policies and the relevant Governing Documents and/or Side Letter(s). Where a Co-Invest Fund is formed, such entity will bear expenses related to its formation and operation. In the event that a transaction in which a co-investment was planned ultimately is not consummated, all Broken Deal Expenses relating to such unconsummated transaction are expected to be borne by the New Water Fund(s), and not by any prospective co-investors, that were to have participated in such transaction.

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

All New Water Funds are subject to performance-based compensation arrangements, although New Water generally has the authority to waive carried interest with respect to certain persons described in the relevant Governing Documents. 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**"), generally equal to 20% of realized profits subject to an 8% compound preferred return, as more fully described in the relevant Governing Documents. The carried interest distributed to New Water is subject to a potential giveback at the end of life of the New Water Funds if New Water has received excess cumulative distributions and at certain interim intervals as provided in the Governing Documents.

Such Carried Interest allocation arrangements are intended to comply with Rule 205-3 under 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.

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 and sold solely to accredited investors and qualified purchasers (or qualified

knowledgeable New Water personnel) 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 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 are permitted to 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 are permitted to 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 and 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 is permitted, in limited instances, to 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 Investing/Market 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.

Cybersecurity Risks

Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other adverse action, which could potentially impair such portfolio company and/or result in losses to the applicable New Water Fund. In addition, in the event that such a cyber-attack or other unauthorized access is directed at New Water or one of its service providers holding its financial or investor data, New Water, its affiliates or the New Water Funds may also be at risk of loss.

Financial Institution Risk; Distress Events

An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "**Financial Institution**") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, New Water, any General Partner, the New Water Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to

similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of New Water to manage the New Water Funds and their investments, and on the ability of New Water, any New Water Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and un consummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a New Water Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the New Water Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of New Water or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that New Water will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that New Water will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The New Water Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a New Water Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a New Water Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that New Water and/or the relevant New Water Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although New Water seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the New Water Funds, New Water is under no obligation to use a minimum number of Financial Institutions with respect to any New Water Fund, or to maintain account balances at or below the relevant insured amounts.

U.S. Taxation of Carried Interest

U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the New Water Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a New Water Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a New Water Fund, its General Partner, or New Water who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a New Water Fund. This creates potential incentives for New Water to cause a New Water Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

Government Regulation

The SEC has proposed and enacted significant rules that will impact the business of New Water and the New Water Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact New Water and its affiliates, the New Water Funds and/or their investments. In addition, the New Water Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the New Water Funds. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

LIBOR and other Benchmark Rates

To the extent that a New Water Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on the London Interbank Offered Rate ("**LIBOR**") or other benchmark or reference rates (each, a "**Benchmark Rate**"), the New Water Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants are working to facilitate the transition of existing instruments and contracts away from LIBOR to new Benchmark Rates, and any such transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the New Water Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

Secondaries and other General Partner-Led Transactions

There continues to be a significant market for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions, and New Water reserves the right to dispose of (or seek additional capital for) New Water Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase all or a portion of one or more investments that will continue to be managed by New Water following the transaction. Such transactions are permitted to be undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where New Water believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple New Water Funds sponsored by New Water and its affiliates), often on different terms than their original investment in the New Water Fund. However, certain of such transactions are expected to involve: a limited partner investing (or being required to invest) additional capital in the existing New Water Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio companies; and/or a delay in the full liquidation of the New Water Fund's investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a New Water Fund or limited partner and those of New Water or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where New Water or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following

the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing New Water Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling New Water Fund, New Water, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent New Water requires existing limited partners and/or new buyers to commit capital to a continuation fund or another New Water Fund managed by New Water in addition to the purchase amount paid in a transaction (including commitments to the relevant New Water Fund in specified ratios to the purchase price), such requirement is expected to have a dilutive effect on the purchase price for the selling New Water Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the investment(s) being sold. Further, the relevant General Partner is expected to be incentivized, including through the possibility of receiving additional compensation, to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant New Water Fund, and in such circumstances New Water reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that New Water will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of New Water Fund or any individual limited partner or group of limited partners. However, New Water reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. New Water is permitted to seek the consent of the relevant New Water Fund advisory committee(s) to approve conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of New Water Fund investments, to the extent such transactions are not consummated, the relevant New Water Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

Social Media and Publicity Risk

The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding New Water, its affiliates or personnel, the New Water Funds or one or more portfolio companies could have a material and adverse effect on the value of the New Water Funds.

Item 9 - Disciplinary Information

Neither New Water nor its Principals have 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 expect to 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 to receive compensation in connection therewith. In connection with such activities, employees of New Water are expected to be given access to confidential information relating to companies in which the New Water Funds invest or 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 are expected to spend a substantial portion of their time with these related management activities.

The New Water Funds are permitted to hold or 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, as permitted by the New Water Fund Governing Documents. 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 serve as General Partners of the New Water Funds and the Principals of New Water generally will 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 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 the Code of Ethics, violations by supervised persons 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.

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 are permitted to 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 are permitted, directly or through one or more entities, to 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 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) 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 is permitted to 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. New Water will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the New Water Funds in an appropriate manner, as required by the relevant Governing Documents, although the New Water Funds and their respective investments will place varying levels of demand on these over time. Below, New Water describes various potential conflicts of interest that 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.

Addressing Certain Conflicts

In the case of potential conflicts of interest, New Water’s determination as to which factors are relevant in addressing such conflicts of interest, and the resolution thereof, will be made using the New Water’s good faith 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 approaches for addressing 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, in its sole discretion, that such investment is an appropriate investment considered solely from the viewpoint of the applicable New Water Fund.
- (2) Where set procedures for addressing conflicts are contained in the relevant offering and Governing Documents of a New Water Fund, New Water will utilize such procedures.
- (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, as further described in the relevant Governing Documents.
- (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

During the commitment period of a New Water Fund, all appropriate investment opportunities will be pursued by New Water Principals through such New Water Fund, subject to certain limited exceptions. As additional New Water Funds are formed (subject to any restrictions in the Governing Documents), the New

Water Principals will begin to shift their focus to new platform investments and opportunities for such recently formed New Water Fund(s), which new opportunities may not be related or offered to a prior New Water Fund.

New Water expects to be presented with investment opportunities that would be suitable for multiple New Water Funds and/or other investment vehicles operated by advisory affiliates of New Water. 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 (including, where applicable, by seeking the consent of the relevant Advisory Board, as required) 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.

Following the determination of investment opportunity allocation among the relevant New Water Funds, New Water will determine if the amount of an investment opportunity in which one or more New Water Funds will invest exceeds the amount that would be appropriate for such New Water Fund(s), and any such excess is permitted to be offered to one or more potential co-investors, including third parties. New Water takes into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; New Water's perception of whether the investment opportunity could subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair New Water's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; and whether New Water believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies or the New Water Funds. Decisions regarding whether and to whom to offer co-investment opportunities are permitted to be made by New Water or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities typically will be offered to some and not to other New Water investors or other third parties. In addition, lenders or other service providers related to a given transaction are expected to seek to negotiate co-investment rights as a component of their compensation.

While New Water will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering relevant factors (such as those specified above), there can be no assurance that a New Water Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which New Water will be subject, discussed herein, did not exist.

Allocation of Fees and Expenses

As a general matter, New Water Fund expenses typically will be allocated among all relevant New Water Funds or co-invest vehicles eligible to reimburse expenses of that kind (including Broken-Deal Expenses). In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions

will generally be made by New Water or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, to the extent that New Water believes the allocation is fair and equitable to each involved New Water Fund. The New Water Funds have different expense reimbursement terms, including with respect to Management Fee offsets (as applicable), which potentially will result in the New Water Funds bearing different levels of expenses with respect to the same investment.

Retention of Service Providers and Operating Executives

New Water and New Water Fund portfolio companies will retain other companies or individuals, which are permitted to include 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 Operating Executives (collectively “**Special Consultants**”). The Special Consultants are expected to 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 are expected to be paid and/or reimbursed by applicable portfolio companies and/or the New Water Funds. Compensation paid to Special Consultants is permitted, at the discretion of New Water, to include a profits or equity interest in a portfolio company or other incentive-based compensation.

The retention of Special Consultants subjects New Water and its affiliates to conflicts of interest because the fees and expenses paid to Special Consultants do not offset the Management Fee, and the amount of such fees and expenses over the life of a private equity fund is expected to be substantial. New Water determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any New Water Fund, any fee paid or expense reimbursed to New Water or such Special Consultants generally is subject to agreements with sellers, buyers and management teams; the review (and, to the extent applicable, supervision of) the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

In addition, the use of Operating Executives and compensation paid to them by New Water, its affiliates and/or the portfolio companies subjects New Water and/or its affiliates to potential conflicts of interest. New Water believes that such potential conflicts have the potential to be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable New Water Fund(s)) that will result if the cost of the Operating Executives is lower than market rates for the services provided and/or if the services of the Operating Executive align with New Water’s model for the portfolio company and improve portfolio company performance. New Water also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that New Water believes will align such persons’ interests with those of the New Water Funds’ limited partners, and seeks to retain only Operating Executives and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

New Water expects to be presented with opportunities to receive financing and/or other services in connection with a New Water Fund’s investments from certain Special Consultants or other persons, including limited partners or their affiliates that are engaged in lending or a related business. This subjects New Water to conflicts of interest, because although New Water selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant New Water Fund, New Water expects to have a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest.

There is a possibility that New Water, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant New Water Funds or New Water), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not New Water has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

New Water, its affiliates and/or personnel expect to maintain relationships with (or invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, New Water and/or its affiliates, and/or the New Water Funds or other investment vehicles they advise. New Water expects to have a potential conflict of interest with a New Water Fund in recommending the retention or continuation of a third-party service provider to such New Water Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more New Water Funds, will provide New Water information about markets and industries in which New Water operates (or is contemplating operations) or will provide other services that are beneficial to New Water. New Water expects to have a potential conflict of interest in making such recommendations, in that New Water has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a New Water Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a New Water Fund.

Because certain expenses are paid for by a New Water Fund and/or its portfolio companies or, if incurred by New Water, are reimbursed by a New Water Fund and/or its portfolio companies, New Water will not necessarily seek out the lowest cost options when incurring (or causing a New Water Fund or its portfolio companies to incur) such expenses.

Fee Structure

Because Management Fees are, at certain times during the life of the New Water Funds, based upon capital invested by investors in the New Water Funds (as described in the relevant Governing Documents), this fee structure creates a potential incentive to deploy capital when New Water would 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, which is based on a percentage of net realized profits, creates a potential incentive for New Water to cause such New Water Funds to make riskier or more speculative investments (or hold investments for longer periods) than they would otherwise make in the absence of performance-based compensation, although New Water generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the relevant Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant New Water Fund's life or at certain interim intervals.

Related Services

As described in Item 5 above, New Water is permitted to perform Related Services for, and retain a portion of related 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 is permitted to incur expenses, and a portfolio company is permitted to 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 creates a potential 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 have the potential to 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 is expected to vary over time. 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 varies 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) are expected to 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. To the extent that any New Water Funds do not pay Management Fees, any such reduction would 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 potential conflict of interest is expected to 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 are potential conflicts of interest. Members of the law firms engaged to represent the New Water Funds are expected to be investors in a New Water Fund, and also to 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 are expected to engage separate counsel solely 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 expect to engage other common service providers. In such circumstances, there is expected to be a potential 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 favors 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 will not always 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 an individual capital account statement, 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 expect to 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 retained CSP Securities, LP in connection with soliciting Commitments for New Water Capital Partners, L.P.

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 has the potential to 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. New Water maintains custody of assets held in the name of one or more New Water Funds with the following qualified custodian: BMO Harris Bank, N.A., Chicago, IL.

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 one hundred and twenty (120) 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 is permitted to vote one New Water Fund's securities differently than it votes those of another New Water Fund, or to vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, New Water expects to 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 has the potential to 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 is permitted, in its discretion, to: (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 potential conflict of interest may differ from the resolution of another potential conflict of interest, even though the general facts underlying both potential 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.