



ITEM 1: COVER PAGE

## Part 2A of Form ADV

# NEWROAD CAPITAL PARTNERS, LLC

5100 W JB Hunt Drive, Suite 1030  
Rogers, Arkansas 72758  
(479) 657-2100

[www.newroadcp.com](http://www.newroadcp.com)

March 30, 2017

This brochure (the “**Brochure**”) provides information about the qualifications and business practices of NewRoad Capital Partners, LLC.

NewRoad Capital Partners, LLC is a registered investment adviser with the U.S. Securities and Exchange Commission (the “**SEC**”). Registration of an Investment Adviser with the SEC does not imply any level of skill or training. If you have any questions about the contents of this Brochure, please contact Steven L. Brooks, Chief Compliance Officer and Chief Legal Officer at (479) 657-2100 or [steve@newroadcp.com](mailto:steve@newroadcp.com). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.



## **ITEM 2: MATERIAL CHANGES**

This Brochure dated March 30, 2017 has been prepared by NewRoad Capital Partners, LLC as an amendment to the prior version of its brochure, dated August 30, 2016.

The following is a summary of material changes made to this Brochure:

- Item 4 has been amended to reflect updated assets under management.



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#### ITEM 4: ADVISORY BUSINESS

NewRoad Capital Partners, LLC (“**NRCP**” or the “**Firm**”) is a private equity investment adviser located in Rogers, Arkansas. NRCP is owned by its principals: Clete Brewer, Jeremy Wilson, Doug Degn and Steven Brooks (collectively, the “**Partners**”). NRCP currently has four additional full-time employees.

NRCP provides investment management and advisory services to NewRoad Ventures, LLC (“**Fund I**”), a private pooled investment vehicle. In addition, NRCP co-manages Kayne NewRoad Ventures Fund II, L.P., a growth-focused private equity investment fund (“**Fund II**”) (Fund I and Fund II are collectively referred to herein as the “**Funds**”). NRCP co-manages Fund II alongside Kayne Anderson Capital Advisors, L.P. (“**KACALP**”), as SEC-registered investment adviser more fully described in Item 10 of this Brochure. The securities of the Funds are offered to qualified investors on a private placement basis pursuant to terms and conditions set forth in each of the Funds’ Private Placement Memoranda (herein defined individually as the “**Memorandum**” or collectively, the “**Memoranda**”). The Funds themselves would be investment companies as defined in Section 3 of the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), but for Section 3(c)(1) and Section 3(c)(7) of that Act.

Generally, the Funds seek to make minority investments in privately held companies that are anticipated to be in the form of various types of securities, including: common equity, preferred equity, warrants, debt, or any combination thereof. Please see the Memoranda and Item 8 of this Brochure for more information on the Funds’ investment strategies and NRCP’s advisory business.

NRCP does not tailor the investment decisions of the Funds to individual investors, and investors generally will not be able to impose restrictions on the Funds’ investments.

As of December 31, 2016, NRCP managed approximately \$15,357,000 in assets on a discretionary basis, and \$89,792,000 in assets on a non-discretionary basis.



## ITEM 5: FEES AND COMPENSATION

### ***Management Fee***

NRCP receives a management fee for its services to Fund II, whose management fee is shared between NRCP and KACALP.

Fund II's management fee is generally 2.0% of the Fund's capital commitments during the Fund's commitment period, and 2.0% of the lesser of the aggregate cost or aggregate fair market value of Fund II's assets thereafter. The Fund's management fees will be reduced by any financing, break up and other fees as described below. The Fund's management fees are paid quarterly in advance. If NRCP were to be terminated as the investment adviser to the Funds, a *pro rata* portion of any management fee paid in advance would be rebated. Please see Fund II's Memorandum for a more complete description of Fund II's management fee.

NRCP expects to receive similar management fees from any other investment funds it advises in the future. NRCP may waive all or a portion of its management fee at any time in its sole discretion.

### ***Carried Interest***

The Firm is generally entitled to a portion of Fund I's "**Carried Interest**". Fund I's Carried Interest is generally equal to a percentage of the investment proceeds distributable by the Fund in excess of the capital invested by Fund I's partners and their allocable share of fees and expenses. Please see Fund I's Memorandum for a more complete description for the Fund's Carried Interest.

An affiliate of NRCP, NewRoad Growth Advisors, LLC ("**NewRoad GP**") serves as a general partner of Fund II as described in Item 10. NewRoad GP is generally entitled to a portion of Fund II's Carried Interest. Fund II's Carried Interest is generally equal to a percentage of the investment proceeds distributable by the Fund in excess of the capital invested by Fund II's partners and their allocable share of fees and expenses, and is subject to a preferred rate of return and a "claw-back" obligation. Please see Fund II's Memorandum for a more complete description of the Fund's Carried Interest.

### ***Other Fees***

NRCP may also receive monitoring, transaction, consulting, directors and other fees in connection with the activities of the Funds ("**Other Fees**"), paid by the Funds' portfolio companies. In general, the aggregate management fee that the Funds pay NRCP is reduced by a portion of any Other Fees received by NRCP in connection with the activities of the Funds. Additionally, NRCP may be reimbursed by the Funds' portfolio companies for expenses incurred by NRCP in connection with the performance of services that give rise to Other Fees. Both monitoring fees and transaction fees are agreed to with the applicable portfolio companies at the closing of the Funds'



investments in such portfolio companies. Please see the Memoranda for a more complete description of these Other Fees.

### ***Fund Expenses***

The Funds are generally responsible for all of their own costs and expenses as described in the Memoranda. These expenses are expected to include, but not be limited to, organizational expenses, due diligence expenses (including travel costs and costs related to potential investments that are not completed), transactional costs, legal costs (including in-house counsel costs if performing functions normally performed by outside counsel), audit and accounting fees, and all other expenses related to the Funds' operations. Each of NRCP and its affiliates is generally responsible for its own operating costs and expenses, except as otherwise disclosed in the Memoranda.

### ***Fixed Fees***

NRCP expects that it may receive fixed fees from one or more clients in the future.



## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The carried interest provisions described in Item 5 are considered performance-based fees.

NRCP expects that it (or its affiliate) will generally receive performance-based compensation in all private funds it advises.

Performance-based fees may create an incentive for NRCP to invest the Funds' assets in a manner that is riskier or more speculative than would otherwise be the case. Additionally, such fee arrangements may create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. NRCP has policies in place to ensure that all funds, investors and any other clients are treated fairly and equally regardless of their carried interest structure, and to prevent this conflict from influencing the allocation of investment opportunities among funds.



## ITEM 7: TYPES OF CLIENTS

NRCP expects to provide investment advice solely to the private investment funds that it sponsors.

The Funds are offered only by the Memoranda to investors who meet the relevant investor eligibility requirements. NRCP's investors consist of foundations, financial institutions, operating companies and other institutional clients, family offices, funds of funds, registered investment companies and ultra-high net-worth individuals.

Additionally, the Funds are subject to a minimum investment amount. NRCP may raise or lower the minimum investment amount for the Funds and/accept initial capital contributions below the established minimum in its discretion.

Please see the Memoranda for more information on investor eligibility requirements and the minimum investment required by the Funds.





## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

NRCP manages private investment funds intended to take advantage of market opportunities involving early-stage companies. These funds may involve a higher risk than traditional investment products. Further, investments in early-stage companies may involve more investment risk than investment in more established businesses.

In summary, NRCP's investment strategy is to focus on industries and asset classes where we have considerable knowledge and to approach each investment with our core values, principles and disciplines of detailed analyses combined with operational expertise. NRCP focuses first on the demand-side of a business or industry segment and targeted market niches. NRCP seeks to leverage its deep knowledge and expertise along with its strategic relationships with industry leading companies to find investment opportunities that will provide the greatest opportunity for investors while managing risk exposure.

NRCP's investment funds will seek to provide growth capital to portfolio companies and work closely with institutional partners to identify and develop solutions that allow such companies to provide the greatest benefit to the marketplace. Once funded, NRCP will work closely with the Funds' portfolio companies to leverage NRCP's relationships and opportunities to the greatest extent possible. NRCP's philosophy is to first protect the downside of its clients' capital, structuring investments to provide for a "return of capital" before "return on capital".

Please see the Memoranda for a more complete discussion of NRCP's investment strategies and methods of analysis.

Any investment in securities involves risk of loss, including principal, which clients and investors must be prepared to bear. There are additional risks inherent to investing in private investment funds such as the Funds:

*No Guarantee of Profitability.* There can be no assurance that revenues will be sufficient to create net profits for the Funds. There can be no guarantee that the business will be profitable to the extent anticipated. Success of the venture is primarily dependent upon the extent that the Funds can operate in accordance with expectations and assumptions as set forth in financial projections.

*No Guaranteed Return of Investor's Capital Contributions.* The interests in the Funds involve a high degree of risk. There can be no guarantee that an investor will realize a substantial return on the investment, or any return at all, or that the investor will not lose the entire investment.

*Reliance Upon Management.* The success of the Funds depends to a large degree upon the efforts of the Firm's Management. Management shall have the exclusive control of all aspects of the business of the Funds and in this regard, Management will make all decisions relating to operations such as the selection of personnel and the amount of proceeds to apply to daily operations and capital raising efforts.



*Reliance on Market Research.* A substantial portion of the market research conducted for this endeavor is based upon management's prior business experience as well as personal discussions with industry leaders. Such information is highly subjective, with no independent statistics to rely upon. There is no definitive proof of the size of the potential market or that the business plan contained herein can achieve all its stated goals.

*Financial Projections.* The Management of the Company has prepared financial projections based on information and assumptions the Management believes to be reasonable. Such projections, therefore, reflect only the Management's current expectation of likely results. There ordinarily will be differences between projected results and actual results because events and circumstances frequently do not occur as expected, and differences can be material. Thus, projected benefits to investors may also vary and there can be no guarantee that the results shown in the enclosed projections will be realized in whole or in part. Neither the Firm nor its affiliates or professional advisors guarantee or warrant the projected results. Projected results may vary substantially if less than the entire amount of capital sought is received. The financial projections provided herein depend on various assumptions, which may prove to be incorrect. There is no assurance that the actual events will correspond with such assumptions. Future results and investment returns are impossible to predict with any real accuracy and no representation or warranty of any kind is made by the Firm, its Management or its representatives respecting the current or future accuracy or completeness of, and no representation is to be inferred from, such projections.

*Nature of Direct Investments.* Investment in the Fund requires a long-term commitment, with no certainty of return. The Funds may invest in companies that are experiencing or are expected to experience severe financial difficulties, which difficulties may never be overcome. The Funds' investments will be illiquid, and there can be no assurance that the Funds will be able to realize proceeds on such investments in a timely manner. There may be little or no near-term cash flow available to the investors. The Funds' portfolio investments may include companies which have leverage. A leveraged capital structure will increase the exposure of that company to adverse economic factors such as rising interest rates and downturns in the economy. Because the Funds will not be diversified and will make only a limited number of investments and since many of the Funds' investments may involve a high degree of risk, poor performance by any of the investment could severely affect the total returns to the investors. There is no guarantee of a minimum rate of return or of a limit on losses of commitment amounts.

*Lack of Control of Portfolio Companies.* The Funds hold minority, non-controlling interests in the portfolio companies and, therefore, it may be limited in its ability to protect its investments or exert control over the portfolio companies. There can be no assurance that the Funds will be able to obtain protective provisions such as board representation, consent rights with respect to major business matters and anti-dilution protection, or, if such provisions are obtained, that they will be effective.



*Industry Concentration and Diversification.* The Funds may only make a limited number of investments. In addition, the Funds are not subject to any obligation to achieve industry or geographic diversity. Accordingly, the Funds may be subject to more rapid changes in value than would be the case if the Funds were required to make investments in a broader, more diversified portfolio of investments.

*Restrictions of Transfer and Withdrawal.* Interests are generally not transferable. Except in extremely limited circumstances, investors may not withdraw capital from the Funds other than to the extent of distributable cash, when and as required to be distributed by the Funds. The interests in the Funds have not been registered under the Securities Act of 1933 (the “**1933 Act**”), the securities laws of any state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the 1933 Act and other applicable securities laws or an exemption from registration is available. It is not expected that registration of the interests in the Funds under the 1933 Act or other securities laws will ever be effected. There is no public market for the interests in the Funds and one is not expected to develop. Investors must be prepared to bear the risks of owning such interests for an extended period of time.

*Asset Valuations.* Valuations of the Funds’ investments will be determined by the General Partners of the Funds in good faith and will be final and conclusive as to all investors, provided that any valuation of other than freely-traded securities to be distributed in-kind shall be subject to a review process. Such valuations may be arrived at on the basis of one or more subjective factors or matters of judgment, and therefore may not reflect the valuations that would be arrived at by others, including industry and investment professionals.

*Prior Performance Not Indicative.* Each investment made by the Funds is unique and it is difficult to determine which, if any, possible performance standards or measurements should be applied to particular investments. Because such standards and the particular investment criteria are so variable, and because general economic conditions may significantly affect results, historical results of private equity investments are not indicative of future results and one should not rely on them in predicting future results.

For a more complete list of the risk factors involved in investment in the Funds, please see the Memoranda.



#### **ITEM 9: DISCIPLINARY INFORMATION**

NRCP is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of it or the integrity of its management. NRCP has no information applicable to this section.



## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As mentioned elsewhere in the Brochure, NRCP co-manages Fund II along with KACALP. KACALP has been engaged in the investment advisory business since its inception in 1984, during all of which time it has been registered as an investment adviser with the SEC. KACALP engages in alternative investing primarily through private pooled investment vehicles and, to a lesser extent, in separate accounts and sub-advisory relationships. KACALP focuses on generating returns across a variety of strategies, which include (1) public investing in master limited partnerships and other energy infrastructure companies; (2) private investing in midstream and upstream oil and gas companies; (3) middle market credit (including mezzanine and senior secured debt); (4) specialized real estate assets (primarily student housing, medical offices and senior living facilities); and (5) specialty private investing in growth equity and distressed municipal debt opportunities. KACALP manages assets for institutional investors, family offices, high net-worth individuals and retail clients and employs over 280 employees in eight offices across the United States. More information on KACALP is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

An affiliate of NRCP, NewRoad GP, serves as a general partner of Fund II.

NRCP has conflicts of interest policies and procedures in place to address potential conflicts of interest created by its financial industry affiliations. Additionally, Fund II has a limited partners advisory board for the purposes of addressing real or potential conflicts of interest that may arise regarding Fund II (including the approval of any potential transactions between Fund I and Fund II). Please see Item 11 for more information on the Firm's Code of Ethics and conflicts policies.



## **ITEM 11: CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

NRCP has adopted a Code of Ethics for all supervised persons of NRCP that describes its standard of business conduct and fiduciary duty to the Funds. The Code of Ethics, as well as other portions of the Firm's compliance manual, includes provisions relating to confidentiality of investor information, the prohibition on insider trading, restrictions on the acceptance of significant gifts and business entertainment items, personal securities trading procedures, political contributions and allocation of investment opportunities, among other things. All employees at NRCP must acknowledge the terms of the Code of Ethics annually and upon any amendments.

The Code of Ethics is designed to ensure that the personal securities transactions of NRCP employees will not interfere with the best interests of the Funds, or interfere with implementing the decisions made in furtherance of such interests, while, at the same time, allowing employees to make personal securities transactions for their own accounts. The Code of Ethics requires pre-clearance of some transactions and places other restrictions on employee trading.

From time to time, opportunities may present for one NRCP fund to co-invest with another NRCP fund in a portfolio company. NRCP believes that in certain circumstances, funds and investors could benefit from enhanced deal flow as a result of the ability to co-invest. NRCP has controls around these opportunities, including, in some instances, that the deals be new opportunities to each fund and not an investment in an already existing portfolio company of a fund.

A copy of NRCP's Code of Ethics is available upon request to investors or potential investors.



## ITEM 12: BROKERAGE PRACTICES

NRCP does not typically make use of brokers for the purposes of purchasing or selling securities on behalf of the Funds, because the Funds' securities are generally acquired and/or disposed of in privately negotiated purchase and sale transactions.

If the Firm determines to engage a broker (*e.g.*, if we receive public securities through a sale transaction or an IPO), the partners of Fund I, and/or the general partners of Fund II, will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility, responsiveness to the Firm, the value of research provided (if any), and the broker's referral of prospective investors to NRCP, if any. If a broker were to provide research or refer prospective investors, there could be a conflict between the Firm's interest in receiving such services and the Firm's interest in providing the lowest cost execution for the Funds. NRCP will negotiate the commission rates and other transaction costs relating to broker services. Any commission rates paid by the Funds may not be the lowest rates the Funds could have obtained, but they will be competitive with rates paid by similar customers.

NRCP does not currently receive any soft dollar benefits or referrals from broker-dealers in connection with Fund transactions.



### **ITEM 13: REVIEW OF ACCOUNTS**

The Firm's investment team generally meets regularly to evaluate both current and prospective investments. The portfolio managers of the Funds regularly monitor and review the performance of each of the Funds' portfolio company investments and typically conduct at least quarterly reviews of the performance, risks and outlook for each portfolio company.

The valuation of the Funds' portfolio company investments is reviewed at least semi-annually by the Firm.

The Funds provide such reports (and at such frequency) as is disclosed in the Memoranda. Please refer to the Memoranda for the reporting schedule of the Funds.





#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

NRCP does not expect to engage third-party selling agents to market interests in the Funds. NRCP may offer interests in future funds through one or more selling agents, brokers, placement agents, or finders, on an exclusive or nonexclusive basis, and pay referral fees, finder's fees, or commissions which the Firm believes to be appropriate, subject (in the case of a fee paid out of Fund assets) to the overall cap on organizational expenses of the Funds, or the offset thereof against future management fees payable by the Funds. NRCP may pay any such commissions, placement fees, referral fees, or finder's fees by paying or assigning a portion of the management fee or carried interest to a selling agent, broker, placement agent or finder. Any referral fees will be disclosed to the relevant investor(s).



#### **ITEM 15: CUSTODY**

The Firm may be deemed under the Advisers Act and related SEC rules to have custody of the Funds' assets.

The Funds are audited each year by a PCAOB-registered independent accountant, in accordance with GAAP, and, pursuant to the Custody Rule, the audited financial statements are delivered to investors within 120 days after the end of the Funds' fiscal year. NRCP urges investors to carefully review these audited financial statements, as well as NRCP's reports to investors.



#### **ITEM 16: INVESTMENT DISCRETION**

NRCP, together with KACALP, has full discretionary authority over the Funds. Between NRCP and KACALP, NRCP is primarily responsible for investment diligence and for actively managing and monitoring investments made by the Funds. In certain cases, the Funds may enter into side letters with certain investors that restrict NRCP's discretion to cause the Funds to invest in certain sectors. Examples of such restrictions are: alcohol, firearms and tobacco company restrictions, geographic region restrictions, and/or specific country restrictions.



#### **ITEM 17: VOTING CLIENT SECURITIES**

As NRCP is in the private equity space, the Funds do not hold the securities of publicly-traded companies, and would do so only in rare circumstances. In the unlikely event that the Funds come into ownership of such securities or would be asked to vote as shareholders, the Firm's CCO will be consulted to ensure that the Funds' best interests are represented, whether by NRCP or a third-party service provider if needed to address any conflict of interest. Investors may obtain a copy of NRCP's proxy voting policies and procedures upon request.



#### **ITEM 18: FINANCIAL INFORMATION**

NRCP 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.