

Part 2A of Form ADV: Firm Brochure

**Northlane Capital Partners, LLC**

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*This brochure provides information about the qualifications and business practices of Northlane Capital Partners, LLC (the "Company"). If you have any questions about the contents of this brochure, please contact us at (301) 841-2071 or contact our Chief Compliance Officer, David Steinglass at David.Steinglass@acequity.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.*

*Additional information about the Company is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*The Company is an investment adviser that is registered with the United States Securities and Exchange Commission (the "SEC"). Registration with the SEC as an investment adviser does not imply a certain level of skill or training.*

## **Item 2:      Material Changes**

Not Applicable.

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## Item 4:      **Advisory Business**

Northlane Capital Partners, LLC, a Delaware limited liability company (the “**Company**”), is an investment advisory firm based in Bethesda, Maryland. The Company is a newly formed investment adviser that was organized in 2016 to manage investments in equity and equity-related interests in portfolio companies primarily focused on industrial technology, outsourced business services, healthcare services and the manufacture of medical devices. The Company’s principal owners are Justin DuFour, Sean Eagle, Eugene Krichevsky and David Steinglass (the “**Principals**”).

The Company will sponsor and advise private pooled investment vehicles (each a “**Fund**” and together, the “**Funds**”) that are exempt from registration under the Investment Company Act of 1940, as amended, and whose securities are not registered under the Securities Act of 1933, as amended. The Company will provide investment advisory services directly to each Fund and not individually to the investors of a Fund.

The Company will serve as the investment adviser to each Fund and will identify investment opportunities for the Funds, and manage the acquisition, monitoring and disposition of investments for the Funds. These services will be conducted pursuant to an investment advisory agreement that a Fund will enter into with the Company (the “**Advisory Agreement**”) and in accordance with such Fund’s private placement memorandum, limited partnership agreement and other governing documents (the “**Fund Governing Documents**”). The Company will tailor its investment advisory activities to comply with the investment objective, guidelines and restrictions set forth in the respective Fund Governing Documents of each Fund, as the same may be amended from time to time. However, because the Funds will be pooled investment vehicles, the Company will not take the individual circumstances of a Fund’s investors into consideration when providing investment advice to such Fund.

As of the date hereof, the Company did not yet have any assets under management.

## Item 5:      **Fees and Compensation**

The Company will receive an asset-based management fee from each Fund that is payable quarterly in advance, as will be further described in the Fund Governing Documents of such Fund, with such fees payable on a pro rata basis for any period that is less than a full quarterly period. The general partner of a Fund, which will be an affiliate of the Company, will generally make capital calls on such Fund’s investors for the amount of the Company’s management fees and pay the amounts received to the Company. To the extent that the Company, the applicable general partner or any of their affiliates receive any break-up fees, directors’ fees, financial consulting fees, advisory fees, monitoring fees and transaction fees, such fees will be applied against management fees otherwise payable by a Fund pursuant to the Fund Governing Documents of such Fund. In addition, the general partner will be entitled to receive a carried interest allocation from a Fund after certain performance hurdles are met, as will be further described in such Fund’s limited partnership agreement. Such carried interest represents a portion of a Fund’s net investment profit.

The management fees and carried interest are generally subject to waiver or reduction by the general partner with respect to some or all of a Fund’s limited partners.

Each Fund will be responsible for all expenses relating to its own operations, including fees, costs and expenses directly related to the purchase and sale of investments; principal, interest, fees, expenses and other amounts payable in respect of financings; custody fees and costs of other third-party services; legal, accounting and other professional costs; any insurance, indemnity or litigation expenses; all costs of the Fund's administration, including preparation of its financial statements and reports to limited partners, costs of meetings of partners, expenses relating to regulatory compliance (excluding expenses related to compliance with the Investment Advisers Act of 1940, as amended (the "**Advisers Act**")), expenses relating to the limited partner advisory board (including out-of-pocket expenses of its members), and any taxes, fees or other governmental charges levied against such Fund. In addition, each Fund will be responsible for all out-of-pocket costs and expenses in connection with prospective Investments that are not consummated, without regard to the anticipated participation by any co-investors in such transaction.

All costs and expenses incurred in connection with the organization of a Fund (including legal and accounting fees, printing costs, travel and out-of-pocket expenses) and all costs and expenses incurred in connection with the offering of interests (but excluding any placement fees), up to a specified maximum are paid by or reimbursed to the Company by such Fund. Organizational expenses in excess of this amount will be paid by a Fund but borne by the Company through a 100% offset against the Company's management fee.

Investors and prospective investors in a Fund should refer to the Fund Governing Documents for more detailed information concerning the fees and expenses that such Fund will bear.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

As noted in Item 5 above, the general partner of a Fund will be entitled to a carried interest allocation in respect of such Fund after certain performance hurdles are met. The carried interest may create conflicts of interest, including an incentive for the Company to take risks in managing a Fund that they might not otherwise take. Such possible conflicts of interest have been addressed as follows:

- Owners of the Company or its affiliate will commit a meaningful amount of their personal capital to each Fund and will be subject to the same risk of loss as other limited partners.
- Each Fund has a Limited Partner advisory board (the seats of which will be filled by institutional limited partners that will represent a significant percentage of each Fund's committed capital and that are not affiliates of the Company), which will review transactions where a conflict of interest exists, pursuant to the applicable provisions of the Fund's limited partnership agreement.

## **Item 7: Types of Clients**

The Company will provide investment advisory services to the Funds. Investors in the Funds may include, without limitation, endowments, foundations, public and private pension plans, financial institutions and high net worth individuals.

All investors will be required to be “accredited investors” (as defined in Regulation D promulgated under the Securities Act of 1933, as amended) and must satisfy such other investor qualification requirements in order to satisfy applicable securities laws.

The Funds may have a specified minimum investment set forth in their offering documentation, organizational documents or other governing documents. Such minimums will typically be subject to the discretion, on the part of the Company, to permit investment of a smaller amount generally or with respect to any investor in a Fund.

## **Item 8:       Methods of Analysis, Investment Strategies and Risk of Loss**

The Company’s investment objective is to make investments primarily in equity and equity-related interests in portfolio companies primarily focused on industrial technology, outsourced business services, health care services and the manufacture of medical devices. In evaluating potential portfolio companies, the Company conducts extensive due diligence to analyze, among other things, a portfolio company’s market and competitive positions within that market, margin and cash flow profile, unique assets (such as brand strength, distribution capability and intellectual property), management team and compensation structure, contingent liabilities (environmental, regulatory, accounting and otherwise), potential growth opportunities and potential exit strategies.

The Company’s investment strategy is primarily long-term investment in privately held companies. It is possible that some investments may be held for less than a year, though this is not typical of the Company’s investment strategy. The Company’s investment committee, comprised of the four Principals, is ultimately responsible for making investment decisions for the Funds.

The investment strategies pursued by the Company involve a number of significant risks. These investment strategies may be deemed to be speculative, and such investment strategies are not intended as complete investment programs. They are designed for sophisticated investors who fully understand and are capable of bearing the risk of such investments. Investment risks include, but are not limited to, the following:

- Risks Associated with the Fund’s Investment Strategies.
  - The investment strategies pursued by the Funds will involve making illiquid private investments in a relatively small number of portfolio companies. As a result, each Fund’s portfolio will tend to be highly concentrated, and the failure of even one of these investments could have a materially adverse impact on a Fund’s overall performance.
  - The competition for sourcing investments for the Funds is becoming increasingly intense. There can be no assurance that the Company will be able to source a sufficient number of suitable investments at reasonable valuations to achieve a Fund’s investment objective.
  - The Funds’ investment strategies will often involve investing in portfolio companies whose businesses are subject to significant risks, including strategic, financial or other challenges. Some of these portfolio companies may be highly leveraged, and the Funds’ exit strategies may be uncertain at the time the Funds make an investment in the portfolio company. The

success of the Funds' investments in these companies is highly dependent on the ability of the managers of these companies to successfully navigate these and other challenges.

- Risks Associated With Investing in Interests in the Funds.
  - Investments in the Funds are illiquid, and interests in a Fund may not be transferred without the prior consent of the general partner and the satisfaction of certain other conditions. Investors in the Funds should be able and prepared to maintain their investments in the Funds over the entire life of the Fund.
  - An investment in the Funds is a passive investment. As limited partners, investors in the Funds will have no control over the day-to-day operations of the Funds and limited rights to protect themselves if they are dissatisfied with the manner in which a Fund is being operated. Limited partners are highly dependent on the investing skills and management abilities of the Company to achieve success.
  - The valuation of the Funds' investments is a difficult task that relies heavily on the Company's business judgment. Although the Company maintains stringent policies, procedures and financial controls over the valuation process (including independent review by the Funds' auditors), there can be no assurance that the Funds will be able to realize their investments at prices that are commensurate with the value at which such investments have been carried on the Funds' books.
  - The Company will manage each Fund in a manner that is consistent with the best interests of the Fund, which is not necessarily consistent with the best interests of each individual investor in the Fund. In particular, the Company may structure investments so as to maximize tax efficiency for the Fund, but which may not be the most tax advantageous structuring possible for an individual investor, depending on that investor's own particular facts and circumstances.

No guarantee or representation can be made that a Fund will achieve its investment objective or that limited partners will receive a return of their capital. All investing involves a risk of loss and the investment strategies pursued by the Funds could lose money over short or even long periods. Prospective investors are advised to review the Fund Governing Documents for full details on each applicable Fund's investment, operational and other actual and potential risks.

## **Item 9:      Disciplinary Information**

Not applicable.

## **Item 10:     Other Financial Industry Activities and Affiliations**

Neither the Company nor any of its directors, officers or principals is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Company nor any of its directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or is an associated person of any of the above.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Company has established a code of ethics (the “**Code of Ethics**”) that sets forth standards of ethical conduct for its professionals. The Code of Ethics addresses standards for treating the Funds and any other clients ethically, addressing potential conflicts of interest and monitoring and restricting personal trading by the Company and its affiliates and professionals. In addition, the Company has established policies and procedures that address, among other things, potential conflicts of interest that might arise in the management of a Fund.

As a general rule, the Company does not buy or sell securities of public companies. Consequently, except in special circumstances, no conflict typically arises when an employee of the Company buys, holds or sells a publicly-traded security. However, from time to time, personnel at the Company may come into possession of material, non-public information related to public companies. In such circumstances, employees must comply with all applicable securities laws. The Company requires employees to pre-clear any personal trades in securities pursuant to an initial public offering or private placement. In addition, the Company also maintains a list of securities of issuers that the Company is actively considering entering into a transaction that would be material to the issuer or about which the Company might have received material non-public information (the “**Restricted Securities List**”) where pre-clearance of personal trades in such securities is required. The Chief Compliance Officer will update the Restricted Securities List as appropriate. Securities will be removed from the Restricted List when information is no longer material and an appropriate “cooling off period” has lapsed.

The Code of Ethics also provides that:

- The Company’s employees may not take for their own advantage an opportunity that rightfully belongs to the Company or a Fund, may not use Company or Fund property, information or position for personal gain, and may not compete directly or indirectly with the Company or a Fund.
- The Company’s employees and controlled persons must certify annually that they have read and agree to comply in all respects with the Code of Ethics and that they have disclosed or reported all personal securities transactions, holdings and accounts required to be disclosed or reported by the Code of Ethics.

Additionally, the Code of Ethics provides for a range of sanctions should anyone violate the Code of Ethics. These sanctions include, but are not limited to, a warning, fines, disgorgement, suspension or termination of employment.

The paragraphs above only represent a summary of key provisions in the Code of Ethics. The Company will provide a copy of the entire Code of Ethics to any client or prospective client (including any investor therein) upon request.



Because the general partner of each Fund will be an affiliate of the Company, the Company has a material interest that could create conflicts that must be managed. The Funds will each have a Limited Partner advisory board (the seats of which will generally be filled by institutional limited partners that represent a significant percentage of the Fund's committed capital and that are not affiliates of the Company or the General Partner) that reviews transactions where a conflict of interest exists, pursuant to the applicable provisions of such Fund's limited partnership agreement.

## **Item 12: Brokerage Practices**

The Company's advisory business generally involves privately negotiated transactions in which best execution obligations do not arise in the same context as transactions in publicly-traded securities. However, the Company may from time to time purchase or sell publicly-traded securities. The Company has a duty to place trades for a Fund in a manner designed to seek "best execution" over time.

The factors considered in determining which broker is most likely to deliver best execution include, but are not limited to, the Company's knowledge of negotiated commission rates and spreads currently available; the nature of the security or instrument being traded; the size and type of the transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security or instrument; confidentiality; the execution, clearance, and settlement capabilities as well as the reputation and perceived soundness of the broker selected and other brokers considered; the Company's knowledge of actual or apparent operational problems of any broker; the broker or dealer's execution services rendered on a continuing basis and in other transactions; and the reasonableness of spreads or commissions.

When executing a transaction in any investment for a Fund, the Company must take reasonable steps to ensure that the counterparty is reliable and that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature.

The Company does not maintain relationships with broker-dealers that feature soft-dollar benefits or referral arrangements.

## **Item 13: Review of Accounts**

The investment portfolio of a Fund will generally be private, illiquid and long-term in nature; accordingly, the Company's review of such Fund's portfolio is not directed toward a short-term decision to dispose of securities. However, the Company closely monitors a Fund's investments on an ongoing basis.

On a quarterly basis, investors in a Fund will receive written financial reports, including a balance sheet, a statement of net income or net loss, a statement of changes in financial position or a cash flow statement, and a supplemental statement of such investor's capital account. On an annual basis, Investors in a Fund also will receive audited financial statements of the Fund, valuations of all of the Fund's investments and tax information necessary for the completion of U.S. tax returns.

#### **Item 14: Client Referrals and Other Compensation**

The Company may, from time to time, determine to engage a third party placement agent to introduce potential investors to the Company. Depending on the specific arrangement, the Company may pay a placement fee, which may be calculated as a percentage of the commitment amount of the investor. If the Company compensates a placement agent for referring an investor, such arrangements will be disclosed in writing to the investor. In all cases, placement fees will be borne entirely by the Company.

To the extent that the Company, the General Partner or any of their affiliates receive any director fees, monitoring fees, financing fees, commitment fees, closing fees or other similar fees, such fees will be applied against management fees otherwise payable by the Fund pursuant to its limited partnership agreement.

#### **Item 15: Custody**

The Company will conduct all business operations in such a way that a Fund's cash and securities, other than privately offered, non-certificated securities, will be preserved in the safekeeping of independent qualified custodians. An independent public accountant will audit each Fund annually, and the audited financial statements will be distributed to the investors of such Fund.

#### **Item 16: Investment Discretion**

Advice to a Fund will be provided on a discretionary basis. Pursuant to an Advisory Agreement, the Company will provide each Fund with certain investment advisory and management services on the terms set forth in the applicable Advisory Agreement.

#### **Item 17: Voting Client Securities**

In accordance with Rule 206(4)-6 of the Advisers Act, the Company has adopted and implemented written policies and procedures governing the voting of client securities. The Funds are primarily invested in privately-held companies that do not typically issue proxies. However, in the event proxies have to be voted, the Company will be responsible for voting proxies on behalf of a Fund. The Company will vote client proxies in a way that it believes will maximize value for the Funds. The Company's investment professionals are generally responsible for making voting decisions with respect to proxies received. In exercising its voting discretion, the Company and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of the Funds.

A copy of the Company's written proxy voting policies and procedures, as well as a record of how the Company has voted in the past, will be maintained and available for review upon written request.

**Item 18: Financial Information**

No management fees are payable to the Company by a Fund more than six months in advance. As such, under relevant SEC rules, the Company is not required to include its balance sheet for the most recent fiscal year or disclose information about its financial position. Nonetheless, the Company is not aware of any financial conditions that are reasonably likely to impair its ability to meet its contractual obligations to a Fund. The Company has never been the subject of a bankruptcy petition.