



INVESTMENT ADVISER BROCHURE

**NEW HARBOR CAPITAL MANAGEMENT, LP
NEW HARBOR CAPITAL FUND GP, LP
NEW HARBOR CAPITAL FUND II GP, LP**

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of New Harbor Capital Management, LP and its advisory affiliates (“New Harbor Capital” or “NHC”). If you have any questions about the contents of this Brochure, please contact us at (312) 876-8605. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

New Harbor Capital is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding New Harbor Capital is also available on the SEC’s website at www.adviserinfo.sec.gov.

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MATERIAL CHANGES

New Harbor Capital Management, LP filed its most recent Form ADV Part 2 in June 2017. This annual amendment updates the description of the business practices of New Harbor Capital Management, LP and its affiliates. There are no material changes since the March 2019 filing.

ADVISORY BUSINESS

New Harbor Capital

New Harbor Capital Management, LP is a Delaware limited partnership and a registered investment adviser. New Harbor Capital Management, LP, New Harbor Capital Fund GP, LP and New Harbor Capital Fund II GP, LP (each, a “**General Partner**” and, collectively, the “**General Partners**”), its affiliated general partner entities (together with New Harbor Capital Management, LP and their affiliated entities, “**New Harbor Capital**,” “**NHC**” or the “**Advisers**”), provide investment advisory services to investment funds privately offered to primarily qualified investors in the United States and elsewhere. New Harbor Capital Management, LP commenced operations in 2013.

Each General Partner is subject to the Advisers Act pursuant to New Harbor Capital Management, LP’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 Harbor Capital Management, LP.

New Harbor Capital Management, LP’s clients include the following (each, a “**Fund**” and, together with any future private investment fund to which New Harbor Capital Management, LP or its affiliates provide investment advisory services, the “**Funds**”):

- New Harbor Capital Fund, LP
- New Harbor Capital Fund-A, LP
- New Harbor Capital Fund II, LP
- New Harbor Capital Fund II-A, LP

The Funds are private equity funds that invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” Each General Partner serves as a general partner to the relevant Fund and has the contractual authority under the limited partnership agreement or other operating agreements or governing documents of the relevant Fund (each, a “**Partnership Agreement**”) to make investment decisions for, and to provide day-to-day advisory services to, such Fund. New Harbor Capital’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are also permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of New Harbor Capital or its affiliates generally serve on such

portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

New Harbor Capital's advisory services to the Funds are detailed in the applicable private placement memorandum or other offering documents (each, a "**Memorandum**") and the Partnership Agreements and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds participate in the overall investment program for the applicable Fund, but, if appropriate, expects to be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement. The Funds or the General Partners generally enter into side letters or other similar agreements ("**Side Letters**") with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the relevant Partnership Agreement, New Harbor Capital expects to provide (or agree to provide) certain investors or other persons, including New Harbor Capital's personnel and/or certain other persons associated with New Harbor Capital and/or its affiliates (to the extent not prohibited by the applicable Partnership Agreement), co-investment opportunities (including the opportunity to participate in co-investment vehicles) that will invest in certain portfolio companies alongside a Fund. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on substantially the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-investment vehicle can be utilized to purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-investment vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in New Harbor Capital's sole discretion, New Harbor Capital is authorized to charge interest on the purchase to the co-investor or co-investment vehicle, and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2019, New Harbor Capital managed approximately \$509 million in client assets on a discretionary basis. New Harbor Capital is ultimately owned and controlled by Thomas J. Formolo and Ed Lhee, who are responsible for guiding the overall activities of New Harbor Capital.

FEES AND COMPENSATION

In general, New Harbor Capital receives a Management Fee (as described below) and a carried interest in connection with advisory services. New Harbor Capital or other NHC entities or affiliates receive additional compensation, including transactional consulting compensation, in connection with management and other services performed for portfolio companies of the Funds and all or a portion of such additional compensation will offset in part the management fees otherwise payable to New Harbor Capital. Investors in the Funds also bear certain Fund expenses.

Management Fees

During its investment period, each Fund will pay its General Partner a management fee (the “**Management Fee**”) equal to a blended management fee rate (2.25% for the first \$150 million of aggregate commitments from investors and 2.00% for the aggregate commitments from investors in excess of \$150 million) multiplied by the non-affiliated partners’ commitments. After the investment period or when any approved executive begins to accrue management fees with respect to another similar investment fund, the management fee will be equal to such blended management free rate multiplied by the non-affiliated partners’ unreturned investment capital, as more fully described in the relevant Partnership Agreement. The fee will be paid on a quarterly basis through each investor’s capital account. As further described in the Funds’ relevant Partnership Agreements and below, the Management Fee for each Fund generally has been, and will be, reduced by a portion of the fees or other compensation received by the applicable General Partner or its affiliates acting, directly or indirectly, on behalf of the applicable Fund from the portfolio companies in which such Fund invests.

The Management Fee will be further reduced in whole or in part by breakup fees and other costs received by the Advisers from transactions not consummated by the relevant Fund (in each case, net of any amount necessary to reimburse the applicable Fund or General Partner or their affiliates for all costs and expenses incurred by them in connection with all consummated or unconsummated transactions or in connection with generating any such fees and not previously reimbursed), but not including any amount received by the applicable General Partner or its affiliates from portfolio companies as reimbursement for out-of-pocket expenses directly related to such portfolio companies (collectively, “**Breakup Fees**”).

Additionally, as further described herein and in the applicable Memorandum and/or Partnership Agreement of each Fund, it is New Harbor Capital’s practice to retain certain operating partners or executive advisors (together, “**Operating Partners**”) to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such Operating Partners generally provide services, which can include serving in management or policy-making positions for portfolio companies. Operating Partners may receive compensation and other amounts described herein, but no such amounts will result in additional offsets to the Management Fee. Any use of Operating Partners subjects New Harbor Capital to conflicts of interest, as discussed under “Methods of Analysis, Investment Strategies and Risk of Loss—Conflicts of Interest,” below.

In accordance with each Fund’s Partnership Agreement, the Management Fee will be payable until all portfolio investments are distributed or until the respective General Partner’s relationship with the applicable Fund is terminated for other reasons. Each Partnership Agreement permits the applicable General Partner to exercise broad discretion with respect to the timing of portfolio investment distribution in order to seek higher values for the relevant investment; however, such discretion is subject to certain consents, including investor consents, set forth in each Fund’s Partnership Agreement.

In accordance with each Fund’s Partnership Agreement, the Management Fee will be reduced by 80% of the non-affiliated partners’ portion of any: (i) directors’ fees, financial consulting fees or advisory fees paid to a General Partner with respect to any investment; (ii)

transaction fees paid to a General Partner with respect to any investment; and (iii) break-up fees with respect to transactions not completed that are paid to a General Partner; but not including, in any event, any amount received by a General Partner or other person from a portfolio company as reimbursement for expenses directly related to such portfolio company, as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business or as compensation for services provided by the relevant General Partner or other person as an employee of or in a similar capacity for such portfolio company. A General Partner can elect to waive a portion of the Management Fee in exchange for a reduction in such General Partner's cash capital contribution obligation and/or a corresponding interest in Fund profits as discussed below.

Certain Partnership Agreements permit New Harbor Capital to waive or reduce the Management Fee when certain circumstances are met. Certain waived or reduced portions of the Management Fee are treated by the applicable Partnership Agreement 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 capital such General Partner would otherwise be required to contribute to such Fund. The limited partners of a Fund will be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the relevant General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver expects to result in an acceleration of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by the relevant General Partner and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors over the life of the relevant Fund, resulting in any excess offsets being returned to non-affiliated partners at the end of the relevant Fund's life.

Carried Interest

Each General Partner is entitled to receive carried interest with respect to the corresponding Fund equal to 20% of all non-affiliated partners' realized profits in excess of a preferred return of 8%, as more fully described in the Partnership Agreement. Carried interest distributed to the relevant General Partner is subject to a potential giveback at the end of the investment period, eight year anniversary of the effective date, and end of the life of the Fund if New Harbor Capital has received excess cumulative distributions. Generally, the carried interest is payable when an investment is sold, subject to the preferred return and the waterfall as documented by the Funds' Partnership Agreements.

Other Information

Each General Partner is permitted to exempt certain investors in the corresponding Fund from payment of all or a portion of Management Fees and/or carried interest, including investors affiliated with New Harbor Capital, and does not itself pay Management Fees. Any such exemption from Management Fees and/or carried interest can be made by a direct exemption, a rebate by the relevant General Partner and/or its affiliates, or through other Funds which co-invest with the applicable Fund. For example, in instances where a New Harbor Capital professional (or any entity affiliated therewith) invests in a Fund, such professional (or such affiliate) generally

will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, New Harbor Capital has the right to permit investors, affiliated with New Harbor Capital or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

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 Partnership Agreement, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of New Harbor Capital generally receive a portion of the Management Fee, carried interest or other compensation received by the relevant General Partner or its affiliates.

As set forth in the Funds' relevant Partnership Agreements, the Funds will, in addition to the Management Fee and carried interest, pay all other costs and expenses of the Fund that are not reimbursed by portfolio companies (which reimbursements may be for travel and other out-of-pocket expenses incurred in connection with the making, monitoring and/or disposing of such portfolio company investments, including follow-on investments and refinancings), including: legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with financial statements, tax returns, Schedule K-1s and any other Fund-related reporting or filing obligations; expenses incurred in connection with transactions not consummated, including expenses relating to transactions that have been offered to co-investors and certain meals; expenses of the Advisory Board (as defined the relevant Partnership Agreement) and annual meetings of the limited partners and any other meeting with any limited partner(s); insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund.

Additionally, the indemnification terms of the Partnership Agreements generally require each Fund to broadly indemnify its respective General Partner, New Harbor Capital and its employees and affiliates thereof for certain expenses incurred by such General Partner, New Harbor Capital and its employees and affiliates. These indemnification payments would be expected to be for legal defense costs and costs related to the indemnification of service providers who have performed services on behalf of a Fund. The costs of these indemnification payments will be charged to the respective Fund and can be significant.

At times, service providers are expected to perform services pertaining to multiple Funds or related entities. In such instances, New Harbor Capital will allocate the total expense to multiple entities, including a Fund, *pro rata* or using what it believes to be a fair and equitable allocation methodology. To the extent brokerage fees are incurred, they will be incurred in accordance with the practices set forth in "Brokerage Practices" section of this Brochure.

As described above, in certain circumstances, each General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to New Harbor Capital's related policies and the relevant Partnership Agreement(s) and/or Side Letter(s).

Where a co-investment vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all Breakup Fees relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Breakup Fees.

As described more fully in the applicable Memorandum and/or Partnership Agreement of each Fund, certain affiliates or personnel of New Harbor Capital are expected to provide services to (or with respect to) certain portfolio companies in which such Fund expects to invest. In connection with such services, such affiliates or personnel generally receive transaction fees and other compensation from such portfolio companies or the relevant Fund, and such portfolio companies generally are required to reimburse New Harbor Capital for out-of-pocket expenses incurred by such affiliates or personnel. The amount of such reimbursements has the potential to be significant. New Harbor Capital and/or its affiliates generally have discretion over whether to charge transaction fees to a portfolio company and, if so, the fee rate or amount. The receipt of transaction fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and New Harbor Capital and/or its affiliates, on the other hand.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” each General Partner receives a carried interest allocation on certain realized profits in its respective Fund or Funds. New Harbor Capital is also permitted to manage accounts that are not charged a performance-based fee or are charged performance-based compensation in lower percentages or with higher preferred return amounts that must be met before New Harbor Capital is compensated. This practice could present a conflict of interest because New Harbor Capital has an incentive to favor accounts for which it receives a performance-based fee. New Harbor Capital seeks to address the potential conflicts of interest in this area with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and governing agreements, as well as other factors that do not include the amount of performance-based compensation received.

The existence of performance-based compensation has the potential to create an incentive for each General Partner to make more speculative investments on behalf of its respective Fund than it would otherwise make in the absence of such arrangement, although New Harbor Capital generally considers performance-based compensation to better align its interests with those of its investors.

TYPES OF CLIENTS

New Harbor Capital provides investment advice to the Funds, which can include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended.

The investors participating in the Funds can include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of New Harbor Capital and its affiliates and members of their families, or other service providers retained by New Harbor Capital.

The Funds generally have a minimum investment amount as set forth in the relevant Partnership Agreements and the Funds' interests are offered and sold primarily to qualified purchasers (or qualified knowledgeable New Harbor Capital personnel). Such minimum investment amount can be waived by each of the General Partners.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

New Harbor Capital seeks to focus its investment activity primarily on making control equity investments in growth-oriented services, healthcare and education companies.

Industry Target. New Harbor Capital targets industries that are large, growing and highly fragmented. Within these industries, New Harbor Capital seeks to identify market leaders that they believe are well-positioned to consolidate the market through acquisition – expanding geographically, diversifying customer mix, expanding product and service lines, gaining market share – and capitalize on underpenetrated or inefficient markets. New Harbor Capital also targets businesses that successfully utilize technology to address consumer needs and that it believes are well-positioned to benefit from continuing market evolution.

Disciplined Investment Process. New Harbor Capital applies a disciplined and balanced investment process. The methodology by which New Harbor Capital identifies new investment opportunities and conducts due diligence is structured, deliberate and replicable. Utilizing a “markets first” approach, New Harbor Capital identifies sectors within general business services, health care and education that fit with its investment strategy – primarily large, growing and fragmented industries that could benefit from (i) consolidation, (ii) improved efficiency and (iii) growth capital. Given the growth focus of New Harbor Capital, it typically conservatively capitalizes its investments to allow flexibility to support growth initiatives and to help reduce financial and capital structure risk.

Investment Sourcing. New Harbor Capital seeks to access opportunities outside of the traditional auction channel, therefore reducing the negative competitive dynamics inherent to such processes and leading to what it believes is unique access to opportunities. A key component of investment origination is leveraging the strong relationships between the New Harbor Capital investment team and its network, as well as the broader reach of New Harbor Capital's focused industry relationships. Through these relationships, New Harbor focuses on building long-term, direct relationships with entrepreneurs and executives to help establish New Harbor Capital as an acquirer of choice.

In-Depth Due Diligence. New Harbor Capital leverages its advisor network to conduct a thorough review of the industry, including extensive up-front industry calls, and works to identify acquisition targets that meet New Harbor Capital's investment criteria. Once a target is identified,

the team conducts a rigorous due diligence program, utilizing internal resources and other personal contacts, as well as third-party due diligence providers. New Harbor Capital systematically conducts due diligence on each opportunity with the following objectives: (i) assess the overall business, its operations, systems and management team; (ii) identify any potential risk concentrations; (iii) identify and assess opportunities to accelerate growth and enhance sophistication within the business (including the estimated costs associated with these initiatives); and (iv) develop a comprehensive and tailored investment management plan that outlines the strategic goals of the investment and activities needed to achieve these goals. During and immediately following the due diligence process, an investment is presented to the New Harbor Capital investment committee for review. All investments must receive a unanimous vote of approval by the New Harbor Capital investment committee as a condition to investment by the relevant Fund.

Risks of Investment

The Funds and their investors bear the risk of loss that New Harbor Capital's investment strategy entails. The risks involved with New Harbor Capital's investment strategy and an investment in a Fund include, but are not limited to:

Business Risks. A Fund's investment portfolio is expected to consist primarily of securities issued by privately-held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of New Harbor Capital's prior investments, or those of any prior firm, is not necessarily indicative of a Fund's future results. While each General Partner intends for the applicable Fund to make investments that have returns commensurate with the risks undertaken, there can be no assurances that any such performance will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities. The Funds reserves the right to invest in securities among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

Concentration of Investments. A Fund typically participates in a limited number of investments and may seek to make several investments in one industry or one industry segment, such as New Harbor Capital's historical identified focus in education or healthcare investments. As a result, such Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or such industry generally may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners are typically required to pay annual Management Fees based on the entire amount of their Commitments.

Dynamic Investment Strategy. While each General Partner generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the relevant Partnership Agreement(s). A General Partner may pursue investments outside of the industries and sectors in which New Harbor Capital has previously made investments or has internal operational experience.

Growth Equity Transactions. A Fund may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any Management Fee payable to the relevant General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

Leveraged Investments. A Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. See also "Uncertain Economic and Political Environment" below. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a

Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Additionally, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other Funds and entities managed by New Harbor Capital or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund, and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the applicable Partnership Agreement, including the value used to determine the amount of carried interest available to New Harbor Capital with respect to such investment.

Reliance on the General Partners and Portfolio Company Management. Control over the operation of a Fund is typically vested entirely with the applicable General Partner, and the Fund's profitability depends largely upon the business and investment acumen of the principals of such General Partner. The loss or reduction of service of one or more of the principals could have an adverse impact on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and, as a result, the investment performance of the Fund will depend entirely on the actions of the relevant General Partner. Although each General Partner will monitor the performance of its relevant Fund's investment, such General Partner will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by New Harbor Capital in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the

company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There is no assurance that any Fund will make follow-on investments or that such Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for such Fund to increase its participation in a successful operation.

Non-U.S. Investments. A Fund may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and foreign tax rules to cross border investments, possible imposition of foreign taxes on a Fund and/or its partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or the partners.

Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly-available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Public Company Holdings. A Fund's investment portfolio may contain debt and/or equity securities issued by publicly-held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the relevant General Partner's principals, and increased costs associated with each of the aforementioned risks.

Director Liability. A Fund often obtains the right to appoint one or more representatives to the boards of directors (or similar governing body) of the portfolio companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Although portfolio companies often have insurance to protect directors and officers from such liability, such insurance may not be obtained by all portfolio companies and may be insufficient if obtained.

Distressed Investments. A Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the relevant General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

Non-controlling Investments. A Fund may, in certain instances, hold debt obligations and other non-controlling interests in portfolio companies and, therefore, will have a limited ability to protect the Fund's position in such portfolio companies. However, the relevant General Partner will seek appropriate creditor and shareholder rights to help protect the Fund's interest.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. Furthermore, such confidence may be adversely affected by local, regional or global health crises including, but not limited to, the rapid and pandemic spread of novel viruses commonly known as SARS, MERS and COVID-19 (Coronavirus). Such health crises could exacerbate political, social and economic risks previously mentioned, and result in significant breakdowns, delays and other disruptions to important global, local and regional supply chains affected, with potential corresponding results on the operating performance of affected portfolio companies. A climate of uncertainty, including the contagion of infectious viruses or diseases, may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty, including the uncertainty stemming from the contagion of infectious viruses or diseases, or general economic downturn may have an adverse effect upon a Fund's portfolio companies.

Deterioration of Credit Markets may Affect Ability to Finance and Consummate Investments. Deterioration of the global credit markets may make it more difficult for investment funds such as the Funds to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates after the 2007 credit crisis, dramatically reduced investor demand for high yield debt

and senior bank debt, which in turn led some investment banks and other lenders to be unwilling to finance new private equity investments or only to offer committed financing for these investments on unattractive terms. A Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events recur and/or are not temporary, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

Material Non-Public Information; Other Regulatory Restrictions. As a result of the operations of New Harbor Capital and its affiliates, New Harbor Capital periodically comes into possession of confidential or material non-public information. Therefore, New Harbor Capital and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or New Harbor Capital's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent New Harbor Capital or the funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of New Harbor Capital's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by New Harbor Capital or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives or sell an investment that it otherwise might have sold.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly

available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. 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 action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at New Harbor Capital or one of its service providers holding its financial or investor data, New Harbor Capital, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under New Harbor Capital's policies.

Impact of Government Regulation, Reimbursement and Reform. Funds' investments may be concentrated in the healthcare and education industries. Various segments of the healthcare and education industries are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement (with respect to the healthcare industry) programs. While Funds intend to make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the companies in which the Funds invest. Recent legislative changes have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare and education industries are introduced from time to time at the United States federal and state level,

and any such proposals, if adopted, could have a significant impact on the healthcare and education industries.

Subscription Lines. A Fund may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund or the relevant investment fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately

is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Conflicts of Interest

New Harbor Capital and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, legal, management and other services to Funds and portfolio companies. New Harbor Capital will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of New Harbor Capital conducting its activities, the interests of a Fund may conflict with the interests of New Harbor Capital, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, New Harbor Capital will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by New Harbor Capital's principals through such Fund, subject to certain limited exceptions. Without limitation, New Harbor Capital principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and will direct certain relevant investment opportunities to those investments when relevant. Such other investments that New Harbor Capital principals control or manage may potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, New Harbor Capital principals may, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, New Harbor Capital will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of New Harbor Capital. In determining which investment vehicles should participate in such investment opportunities, New Harbor Capital and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of New Harbor Capital in a portfolio company also raises the risk of using assets of a client of New Harbor Capital to support positions taken by other clients of New Harbor Capital or an advisory affiliate. New Harbor Capital attempts to resolve such conflicts of interest in light of its obligations to investors in the various Funds and the obligations owed by New Harbor Capital's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the various Funds in a fair and equitable manner. Certain investments will be allocated, when appropriate, between a Fund and any successor or predecessor fund in a manner as set forth in the applicable Partnership Agreement. Subject to such Partnership Agreement requirements, for each relevant investment opportunity, priority is given to consideration of such opportunity as a follow-on investment for an existing Fund and in some

cases to another existing fund to which New Harbor Capital's principals have pre-existing obligations, such as those from prior firms. Where necessary, New Harbor Capital will consult and receive consent to conflicts from the relevant Fund or Committee.

New Harbor Capital's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While New Harbor Capital will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a 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 conflicts of interest to which New Harbor Capital may be subject, discussed herein, did not exist.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds, New Harbor Capital will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, New Harbor Capital may be faced with a variety of potential conflicts of interest.

New Harbor Capital employees are further subject to potential conflicts of interest in that they may provide services to advisory affiliates in return for compensation from such advisory affiliates while receiving salaries from New Harbor Capital. New Harbor Capital manages these potential conflicts by ensuring that such salaries (and other related overhead expenses) are not paid by the Funds.

As a result of the Funds' controlling interests in portfolio companies, New Harbor Capital and/or its affiliates typically have the right to appoint portfolio company board members (including current or former New Harbor Capital personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to New Harbor Capital and/or its affiliates. Unless such amounts are subject to the Partnership Agreements' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to New Harbor Capital.

Additionally, a portfolio company typically will reimburse New Harbor Capital or service providers retained at New Harbor Capital's discretion for expenses (including, without limitation, travel expenses) incurred by New Harbor Capital or such service providers in connection with its

performance of services for such portfolio company. This subjects New Harbor Capital and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements is expected to be substantial. New Harbor Capital 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 Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to New Harbor Capital or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third-party co-investors in such transactions. These factors help to mitigate related conflicts of interest.

New Harbor Capital generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) New Harbor Capital or a related person of New Harbor Capital (which may include a portfolio company of such Fund), (ii) an entity with which New Harbor Capital or its affiliates or current or former members of their personnel has a relationship or from which New Harbor Capital or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, New Harbor Capital may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This subjects New Harbor Capital to conflicts of interest, because although New Harbor Capital selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, New Harbor Capital has have an 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 Harbor Capital, 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 Funds or New Harbor Capital), will 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 Harbor Capital has a relationship or receives financial or other benefits 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 Harbor Capital and/or its affiliates also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by New Harbor Capital and/or its affiliates; conversely, former personnel or executives of New Harbor Capital and/or its affiliates serve in significant management roles at portfolio companies or service providers recommended by New Harbor Capital. Similarly, New Harbor Capital, its affiliates and/or personnel 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 Harbor Capital and/or its affiliates, and/or the Funds or other investment vehicles they advise. New Harbor Capital has a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such 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 Funds, will provide New Harbor Capital information about markets and industries in which New Harbor Capital operates (or is contemplating operations) or will provide other services that are beneficial to New Harbor Capital. New Harbor Capital has a conflict of interest in making such recommendations, in that New Harbor Capital has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

In addition, as described above, portfolio companies typically pay certain compensation and other amounts to Operating Partners or third-party consultants (including consultants introduced or arranged by New Harbor Capital and/or its affiliates that regularly provide services to one or more portfolio companies), and such amounts will not offset the Management Fee as described herein. Operating Partners generally make use of New Harbor Capital's resources or otherwise are associated with New Harbor Capital. New Harbor Capital and/or its affiliates agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Although the use of Operating Partners and the allocation of compensation paid to them by the portfolio companies subjects New Harbor Capital and/or its affiliates to potential conflicts of interest, New Harbor Capital believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Operating Partners is lower than market rates for the services provided and/or if the services of the Operating Partners align with New Harbor Capital's model for the portfolio company and improve portfolio company performance. Although New Harbor Capital seeks to retain Operating Partners with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. New Harbor Capital also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that New Harbor Capital believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Operating Partners 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.

Because there is a fixed investment period after which capital from investors in a Fund can only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure does create an incentive to deploy capital when New Harbor Capital may not otherwise have done so.

New Harbor Capital and/or its affiliates may enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Any of these situations subjects New Harbor Capital and/or its affiliates to potential conflicts of interest. New Harbor Capital attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by New Harbor Capital's

advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, New Harbor Capital will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, New Harbor Capital consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

DISCIPLINARY INFORMATION

New Harbor Capital and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

New Harbor Capital is affiliated with New Harbor Capital Fund GP, LP and New Harbor Capital Fund II GP, LP, each of which is an investment adviser subject to the Advisers Act pursuant to New Harbor Capital's registration in accordance with SEC guidance. These affiliated investment advisers operate as a single advisory business together with New Harbor Capital and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

From time to time and to the extent permitted by the Funds' or New Harbor Capital's governing documents, personnel of New Harbor Capital or its affiliates may serve in investment advisory or other capacities at other investment advisers.

One of New Harbor Capital's principals is under common control and will continue to manage and monitor historical funds and investments of CHS Capital LLC ("CHS"), a prior firm and investment adviser at which certain New Harbor Capital personnel provided advisory services. CHS is not making any new investments so there are no conflicts with opportunities being offered to CHS Funds prior to the New Harbor Capital Funds.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

New Harbor Capital has adopted the New Harbor Capital Code of Ethics and Securities Trading Policy (the "**Code**"), which sets forth standards of conduct that are expected of New Harbor Capital principals and employees and addresses conflicts of interest that arise from personal trading. The Code requires certain New Harbor Capital personnel to report their personal securities transactions and obtain pre-clearance of IPOs, Private Placements and restricted securities. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Kevin Bochenek, the New Harbor Capital Chief Compliance Officer, at (312) 876-2672. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

New Harbor Capital and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security, including information received in such affiliated persons' capacities as consultants, advisors or directors of non-New Harbor Capital businesses, including certain family offices. Under applicable law, New Harbor Capital and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of New Harbor Capital.

Accordingly, should New Harbor Capital or any of its affiliated persons come into possession of material non-public or other confidential information with respect to any public or non-public company, New Harbor Capital generally would be prohibited from communicating such information to clients, and New Harbor Capital will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of New Harbor Capital personnel serving as directors of public companies and restrict trading on behalf of clients, including the Funds.

Principals and employees of New Harbor Capital and its affiliates directly or indirectly own an interest in one or more Funds or portfolio companies, whether directly or indirectly through certain co-investment vehicles. Participation in the co-investment program is limited to persons with such knowledge and experience in financial and business matters necessary to make them capable of evaluating the merits and risks of the prospective investments. The eligibility of any person to participate in the co-investment program, as well as the amount such person is permitted to invest, will be determined in the sole discretion of the New Harbor Capital investment committee. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Funds. If New Harbor Capital receives multiple classes of securities in a transaction (for example, subordinated debt and common equity), the co-investors' investments shall invest side-by-side with New Harbor Capital's investment, and investment opportunities shall be allocated *pro rata* between New Harbor Capital and the co-investors. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

From time to time, the Funds will sell portfolio companies in an initial public offering. In such event, investors in the Funds generally will receive via distribution of cash proceeds their proportionate share of profits and losses from such sales. However, in certain circumstances, New Harbor Capital will permit its principals and employees to elect to receive their proportionate share of such profits and losses in cash or in kind, in order to elect to receive initial public offering profits and losses on a different time frame than that deemed by New Harbor Capital to be appropriate for the relevant Fund.

The Funds can invest together with other Funds advised by an affiliated adviser of New Harbor Capital in the manner set forth in the applicable Partnership Agreement. New Harbor Capital's policy is to allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with their fiduciary obligations and the underlying documents for each Fund.

New Harbor Capital, its affiliates, and equity holders, officers, principals and employees of New Harbor Capital and its affiliates can buy or sell securities or other instruments that New Harbor Capital has recommended to a Fund. In addition, officers, principals and employees can buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to the policies and procedures set forth in New Harbor Capital's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of New Harbor Capital have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies, directly or indirectly, and therefore have additional conflicting interests in connection with these investments.

BROKERAGE PRACTICES

New Harbor Capital focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, New Harbor Capital may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although New Harbor Capital does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If New Harbor Capital sells publicly-traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by New Harbor Capital. In such event, New Harbor Capital will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, New Harbor Capital considers a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

New Harbor Capital has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although New Harbor Capital generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent for transactions involving specialized services on the part of the broker involved..

New Harbor Capital currently does not engage in soft dollar transactions...

New Harbor Capital does not anticipate engaging in significant public securities transactions; however, to the extent that New Harbor Capital engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for the Funds are completed independently, New Harbor Capital may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, New Harbor Capital may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce

brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of New Harbor Capital is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs for certain Funds relative to others.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Funds over time.

In New Harbor Capital's private company securities transactions on behalf of the Funds, New Harbor Capital may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, New Harbor Capital considers a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although New Harbor Capital generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds will not necessarily pay the lowest commission or fee for such services.

REVIEW OF ACCOUNTS

The investments made by the 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. However, New Harbor Capital closely monitors companies in which the Funds invest, and the New Harbor Capital Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund will make available to each limited partner in written form (i) annual audited GAAP financial statements for the Fund (including a statement of the limited partner's closing capital account balance) showing the fair value of the Fund's investments and (ii) unaudited quarterly financial reports for the first three quarters of each fiscal year showing the relevant limited partner's capital account balance and the fair value of such limited partner's interest in the relevant Fund. The Funds will also make available to its limited partners descriptive investment information for each portfolio company periodically.

CLIENT REFERRALS AND OTHER COMPENSATION

New Harbor Capital does not currently have relationship with third parties for compensation related to referrals.

CUSTODY

New Harbor Capital does not maintain custody of assets, with the exception of two stock certificates for portfolio holdings of the Fund. New Harbor Capital is also considered to have custody due to related parties acting as general partner to the Funds. As a result, each Fund is audited by an independent accounting firm that is both registered and subject to the inspection of the PCAOB. The financial statements are delivered to each investor of the Funds within 90 days following the Funds' fiscal year-end. The stock certificates are held in a manner that meet the required conditions set forth by the SEC.

INVESTMENT DISCRETION

New Harbor Capital has discretionary authority to manage investments on behalf of each Fund. As a general policy, New Harbor Capital does not allow clients to place limitations on this authority. Pursuant to the terms of the applicable Partnership Agreement, however, New Harbor Capital and/or its affiliates may enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. New Harbor Capital assumes this discretionary authority pursuant to the terms of the applicable Partnership Agreement and powers of attorney executed by the limited partners of such Fund.

VOTING CLIENT SECURITIES

In the event, the Funds were to hold a public company, New Harbor Capital has adopted the New Harbor Capital Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for the Funds' (and any Fund's) portfolio investments. The Proxy Policy seeks to ensure that New Harbor Capital votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. New Harbor Capital generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is a conflict of interest in voting proxies, the Proxy Policy provides that New Harbor Capital address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's investment committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's investment committee may approve New Harbor Capital's vote in a particular solicitation. New Harbor Capital does not consider service on portfolio company boards by New Harbor Capital personnel or New Harbor Capital's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by New Harbor Capital when voting proxies on behalf of a Fund. If you would like a copy of New Harbor Capital's complete Proxy Policy or information regarding how New Harbor Capital voted proxies for particular portfolio companies, please contact Kevin Bochenek, the New Harbor Capital Chief Compliance Officer, at (312) 876-2672, and it will be provided to you at no charge.

FINANCIAL INFORMATION

New Harbor Capital does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.

**FORM ADV PART 2B
INVESTMENT ADVISER BROCHURE SUPPLEMENT**

**NEW HARBOR CAPITAL MANAGEMENT, LP
NEW HARBOR CAPITAL FUND GP, LP
NEW HARBOR CAPITAL FUND II GP, LP**

**500 West Madison Street, Suite 2830
Chicago, IL 60661
(312) 876-8605
<http://www.newharborcap.com>**

March 2020

Capitalized terms used but not defined in this Brochure Supplement have the meanings ascribed to them in the Investment Adviser Brochure of New Harbor Capital Management, LP and its affiliates (“**New Harbor Capital**”). This Brochure Supplement provides information regarding investment personnel acting on behalf of New Harbor Capital.

If you have any questions about the supplemental information contained in this Supplemental Brochure, please contact Kevin Bochenek, the New Harbor Capital Chief Compliance Officer, at (312) 876- 2672. All investment personnel mentioned in this Brochure Supplement can be reached at the address and phone number provided at the beginning of this Brochure.

Thomas J. Formolo

Educational Background and Business Experience

Mr. Formolo, born April 2, 1964, co-founded New Harbor Capital in 2013. Mr. Formolo began his career in private equity with CHS Capital in 1990 and was promoted to Partner by CHS Capital in 1997. He holds a B.B.A. from the University of Wisconsin and an M.B.A. from Northwestern University. Mr. Formolo serves on the Board of Directors of Community Psychiatry Management, LLC; NYKC Holdings, LLC; Certica Holdings, LLC; LGM Pharma Holdings, LLC; Ocean State Holdings, LLC; Wedgewood Village Pharmacy, LLC; Fyzical Acquisition Holdings, LLC; and Blueprint Education Holdings, LLC. Mr. Formolo serves on several not for profit boards, as well, including: Kids First Chicago, Chicago Fellowship, Together Chicago, and National Louis University where he is the incoming Chair of the Board of Trustees. Mr. Formolo previously served on the Boards of two former New Harbor Capital portfolio companies: PT Solutions Holdings, LLC and Kure Pain Holdings, LLC.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Formolo.

Other Business Activities

Mr. Formolo is not engaged in any investment-related business outside of his roles with New Harbor Capital and its affiliated investment adviser, CHS Capital LLC.

Additional Compensation

Mr. Formolo does not receive any additional compensation that is required to be disclosed.

Supervision

Mr. Formolo is the Managing Partner of New Harbor Capital. As the Managing Partner, Mr. Formolo, along with the other New Harbor Capital Partner, is responsible for guiding the overall activities of New Harbor Capital, including the supervision of investment professionals. As an Investment Committee member, Mr. Formolo is part of the team that is responsible for implementing and overseeing the investment strategy of New Harbor Capital. Mr. Formolo is not directly supervised by any one individual, as he is the Managing Partner of New Harbor Capital.

Edward M. Lhee

Educational Background and Business Experience

Mr. Lhee, born May 16, 1970, co-founded New Harbor Capital in 2013. Mr. Lhee began his career in private equity with CHS Capital in 1997. Mr. Lhee holds a B.S. and B.A. from the University of Pennsylvania and an M.B.A. from Northwestern University. Mr. Lhee serves on the Board of Directors of Community Psychiatry Management, LLC; NYKC Holdings, LLC; LGM Pharma Holdings, LLC; Ocean State Holdings, LLC; Wedgewood Village Pharmacy, LLC; and Fyzical Acquisition Holdings, LLC. Mr. Lhee previously served on the Board of Directors of PT Solutions Holdings, LLC and Kure Pain Holdings, LLC.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Lhee.

Other Business Activities

Mr. Lhee is not engaged in any investment-related business outside of his role with New Harbor Capital.

Additional Compensation

Mr. Lhee does not receive any additional compensation that is required to be disclosed.

Supervision

Mr. Lhee is a Partner for New Harbor Capital. As a Partner, Mr. Lhee, along with the Managing Partner, is responsible for guiding the overall activities of New Harbor Capital, including the supervision of investment professionals. As an Investment Committee member, Mr. Lhee is part of the team that is responsible for implementing and overseeing the investment strategy of New Harbor Capital. Mr. Lhee is not directly supervised by any one individual, as he is a founding Partner of New Harbor Capital.

Jocelyn R. Stanley

Educational Background and Business Experience

Ms. Stanley, born June 14, 1983, was a founding member of New Harbor Capital in 2013. Ms. Stanley began her career in private equity with CHS Capital in 2007. Ms. Stanley holds a B.S. from Vanderbilt University and an M.B.A. from Stanford University. Ms. Stanley serves on the Board of Directors of Certica Holdings, LLC; LGM Pharma Holdings, LLC; Wedgewood Village Pharmacy, LLC; and Blueprint Education Holdings, LLC. Ms. Stanley previously served on the Board of Directors of PT Solutions Holdings, LLC and NYKC Holdings, LLC.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Ms. Stanley.

Other Business Activities

Ms. Stanley is not engaged in any investment-related business outside of her role with New Harbor Capital.

Additional Compensation

Ms. Stanley does not receive any additional compensation that is required to be disclosed.

Supervision

Ms. Stanley is a Partner for New Harbor Capital. As a Partner, Ms. Stanley, along with the other Partners, is responsible for guiding the investing activities of New Harbor Capital, including the supervision of investment professionals. As an Investment Committee member, Ms. Stanley is part of the team that is responsible for implementing and overseeing the investment strategy of New Harbor Capital.