

Northern Shipping Fund Management LLC

July 1, 2021

This brochure provides information about the qualifications and business practices of Northern Shipping Fund Management LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”) Adviser. If you have any questions about the contents of this brochure, please contact us via telephone at (203) 487-3434 and/or via e-mail to rlemanski@northernshippingfunds.com. This information has not been approved or verified by the SEC or by any state securities authority.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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Item 2. Material Changes

The following summary only discloses material changes made to the Brochure since the Adviser's last annual update, which was filed on March 29, 2021. The Adviser provides discretionary investment advice to certain Investment Vehicles.

The remaining investment management contract for Northern Fund Management Bermuda Ltd has been novated to Northern Shipping Fund Management LLC. As a result, Northern Fund Management Bermuda Ltd and Northern Fund Management America LLC have been removed as relying advisers on Form ADV of Northern Shipping Fund Management LLC.

TABLE OF CONTENTS

Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4.	Advisory Business.....	4
Item 5.	Fees and Compensation.....	4
Item 6.	Performance-Based Fees and Side-by-Side Management	5
Item 7.	Types of Clients	6
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9.	Disciplinary Information.....	8
Item 10.	Other Financial Industry Activities and Affiliations	9
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	9
Item 12.	Brokerage Practices.....	10
Item 13.	Review of Accounts	10
Item 14.	Client Referrals and Other Compensation	10
Item 15.	Custody	10
Item 16.	Investment Discretion	11
Item 17.	Voting Client Securities.....	11
Item 18.	Financial Information.....	11

Item 4. Advisory Business

The Adviser is an investment adviser with a principal place of business in Stamford, Connecticut. Northern Shipping Fund Management LLC has been in business since 2018 and is the successor and was under common ownership of Northern Fund Management Bermuda Limited which was the parent company of Northern Fund Management America LLC. Northern Fund Management America LLC and Northern Fund Management Bermuda Ltd. commenced business since 2008 and ceased operations as advisers on June 30, 2021.

The Adviser provides investment advisory services on both a discretionary and a non-discretionary basis to its clients, all of whom are private investment vehicles offered only to sophisticated individuals and institutional investors (collectively, "Investment Vehicles").

The Adviser provides advice to certain of the Investment Vehicles based on their specific investment objectives and strategies.

As of December 31, 2020, the Adviser had approximately \$953,819,668 in regulatory assets under management. As of that date, the Adviser managed \$921,888,692 on a discretionary basis and \$31,930,976 on a non-discretionary basis.

Investment decisions for the discretionary business are made with a senior investment manager making a written proposal to an investment committee for the respective Investment Vehicle. The investment committee is composed of the two Managing Directors, the Technical Director, and the Chief Financial Officer/Chief Compliance Officer of the Adviser. The investment committee then meets to review the proposal. All investment committee decisions require unanimous consent.

Investments decisions for the non-discretionary business with Northern Shipping Fund II LLC, the Adviser will make a written recommendation to the board of the respective Investment Vehicle. The board consists of representatives of key investors and the President of the Northern Shipping Fund Management LLC. The board then meets to review the proposal. All board decisions require majority consent.

Item 5. Fees and Compensation

Under its investment advisory agreements, Northern Shipping Fund Management LLC is paid by an Investment Vehicle a fee equal to 1.5% per year of the aggregate capital commitments during the commitment period. Thereafter, the Investment Vehicle is paid a fee equal to 1.5% per year of net invested capital which is comprised of unreturned capital less any investments written off or permanently written down at the date of measurement and is subject to other arrangements it may have with certain investors.

While the Adviser passes along portfolio investment related transaction expenses of the Investment Vehicles to its counter-parties, it may be subject to other portfolio investment transaction and fund expenses, including (i) transaction expenses incurred in connection with the sourcing, evaluation and potential acquisition of portfolio investments, regardless of whether such acquisitions are actually consummated, and in connection with the purchase, holding, monitoring, exchange and sale of portfolio investments and other assets, including, but not limited to, placement fees, asset specialist fees, sales commissions, appraisal fees, taxes, brokerage fees, underwriting commissions and discounts, unaffiliated third-party investment banking fees, advisory fees, custodial, trustee, record keeping and other administration fees, and information services; (ii) legal, auditing, consulting, accounting, valuation services, loan servicing, and other professional expenses; (iii) organizational costs; (iv) costs and expenses for the preparation of financial statements, tax returns and

IRS Schedules including K-1, 8621 and other tax forms required the Internal Revenue Code; (v) expenses attributable to regulatory filings to the extent made with respect to an Investment Vehicle or its assets; (vi) litigation expenses of an Investment Vehicle; (vii) insurance premiums; (viii) taxes, fees and other governmental charges; (ix) winding up expenses; (x) expenses relating to investor defaults; (xi) litigation and the amount of any related judgment or settlement; (xii) costs and expenses related to Investment Vehicle limited partner advisory committee, board and investor meetings; (xiii) expenses incurred in connection with any restructuring or amendments to the governing documents of an Investment Vehicle; and (xiv) any indemnification obligation and any other indemnity contribution or reimbursement obligations of an Investment Vehicle. The Investment Vehicles may invest through intermediate holding companies, and in connection therewith, will bear their pro rata share of the holding companies' operating and other expenses including, in addition to those listed above: sales expenses, legal expenses; internal and external accounting, audit and tax preparation expenses; and organizational expenses.

The allocation of expenses by the Adviser between it and any client and among clients represents a potential conflict of interest for the Adviser. The Adviser has adopted an expense allocation policy that is designed to address this potential conflict. The Adviser allocates direct expenses to each client in accordance with the client's arrangements with the Adviser (including applicable client disclosures). The Adviser seeks to allocate shared expenses for products and services benefitting the Adviser and the client and not covered in the client's arrangements in a fair and reasonable manner. The Adviser allocates common client expenses among multiple clients primarily pro rata based on assets under management as of the beginning of each period in which the expenses are paid. The Adviser may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular client or group of clients.

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

The Adviser (or an affiliate of the Adviser) are entitled to be paid performance-based compensation by Investment Vehicle clients. Such performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. The Adviser and its investment personnel, including investment personnel that share in performance-based compensation, may manage both client accounts that are charged performance-based compensation and accounts that are not charged performance-based compensation. In addition, certain client accounts may have more favorable performance-based compensation arrangements than other accounts. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser (and indirectly its investment personnel) performance-based compensation or higher fees.

The Adviser manages multiple client accounts. Accordingly, the Adviser has adopted and implemented policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple accounts, including accounts with different fee arrangements, and the allocation of investment opportunities. In addition, the Adviser's procedures relating to the allocation of investment opportunities generally require that similarly managed accounts participate in investment opportunities pro rata based on asset size, but that excess capacity in each investment may be allocated to co-investors.

Item 7. Types of Clients

The Adviser's clients consist of the Investment Vehicles.

Any minimum capital commitment amounts for investors in an Investment Vehicle are disclosed in the Investment Vehicle's offering documents.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

The Adviser identifies potential investments in the maritime sector and analyze them from a technical and a fundamental perspective. The Adviser performs due diligence on potential investments and the investment committee (for discretionary accounts) or board of directors (for non-discretionary accounts) for an Investment Vehicle approves investments ("Investments") by the Investment Vehicle.

Investments primarily consist of sale-leaseback arrangements, first lien loans, secured second lien loans and other similar structures backed by assets. Counterparties consist mainly of privately owned, small- to middle-market companies in the maritime sector that own and/or operate vessels. The Investment Vehicles seek to generate attractive risk-adjusted returns while focusing on the preservation of capital and current income. While most of the Investments are directly originated, the Adviser may on occasion also purchase Investments originated by others or bonds in the maritime sector.

The following summary identifies the material risks related to the Adviser's investment strategy and should be carefully evaluated before making an investment with the Adviser. The following, however, does not identify all possible risks of an investment with the Adviser or provide a full description of the identified risks. A more complete discussion of risk factors is found in the Investment Vehicle offering and organizational documents. This strategy involves the risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

Lack of Industry Sector Diversification. Since the Investments will be concentrated in the maritime sector, they may be subject to a rapid change in value than would be the case if the strategy maintained a wide diversification among industry sectors. The strategy's performance may be adversely affected by deterioration in the maritime sector.

Illiquidity. The strategy seeks to invest in assets for which no active market exists. As such, the sale of Investments may be possible only at substantial discounts and may be extremely difficult to value with any degree of certainty.

Investments Longer than Investment Vehicle Term. Investments may be made that may not be realized when originally anticipated and may not be realized until after the expiration of an Investment Vehicle term.

Counterparty Risk. The failure of a counterparty to meet its obligations could adversely affect the performance of a portfolio -achieve its strategy.

Lender Liability. Lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty to the borrower or its other creditors or shareholders. Because of the nature of the strategy, an Investment Vehicle could be subject to allegations of lender liability.

Limited Number of Investments. The strategy expects to make a limited number of privately negotiated investments resulting in a relatively concentrated portfolio, particularly in the initial and late stages of the terms of the Investment Vehicles. A consequence of a limited number of Investments is that the aggregate returns realized by the strategy may be adversely affected by the unfavorable performance of a small number of such Investments.

Collateral Risk. The value of the investments may be detrimentally affected to the extent a counterparty defaults on its obligations and there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted instrument.

Investing in the maritime sector entails certain specific risks, including the following:

Cyclical Nature of the Maritime Sector. The maritime sector is cyclical, with volatility in charter rates, profitability, and vessel values. Future demand which impacts future charter rates, will be dependent upon continued economic growth in the world's economies. This is particularly true of China, India, and other Asia Pacific economies. This could be further influenced by seasonal and regional changes in demand and the capacity of the world's shipping fleets. Adverse economic, political, social, tariff, trade restrictions, medical or other developments could decrease demand and growth in the maritime sector and thereby reduce revenue significantly. A decline in demand for commodities or other products transported by ships or an increase in the supply of vessels could have a significant adverse effect on the Investments.

Maritime Risks. The operation of an ocean-going vessel carries inherent risks. These risks include, among others, the possibility of:

- marine disaster;
- piracy;
- environmental accidents;
- grounding, fire, explosions and collisions;
- cargo and property losses or damage;
- business interruptions caused by mechanical failure, human error, war, terrorism, cyber breaches, political action in various countries, labor strikes, medical issues, pandemics, or adverse weather conditions; and
- work stoppages or other labor related issues including crew strikes and/or boycotts.

Such occurrences could result in death or injury to persons, loss of property or environmental damage, delays in the delivery of cargo, loss of revenues from or termination of charter contracts, governmental fines, penalties, or restrictions on conducting business, higher insurance rates and damage to counterparties' reputation and customer relationships generally.

International Operations Risks. The maritime sector is an inherently risky business involving global operations. A counterparty's vessels will be at risk of damage or loss because of events such as mechanical failure, collision, human error, war, terrorism, piracy, cargo loss, cyber breaches, and bad weather. All these hazards can result in death or injury to persons, increased costs, loss of revenues, loss, or damage to property (including cargo), environmental damage, higher insurance rates, damage to the counterparty's customer relationships, harm to its reputation as a safe and reliable operator and delay or rerouting. In addition, changing economic, regulatory, and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes and boycotts.

Maritime Claims. Maritime claimants may seek to arrest a vessel owned or held by a counterparty to use it as security. Crew members, suppliers of goods and services to a vessel, and other parties may be entitled to maritime liens against a vessel for unsatisfied debts, claims or damages, which liens may be senior to an investment in the capital structure of a counterparty. The arrest or attachment of one or more of the vessels of a counterparty could result in a significant loss of earnings for the related off-hire period. In addition, in some jurisdictions, under the “sister ship” theory of liability, a claimant may arrest a related vessel under the claimant’s maritime lien and any “associated” vessel, that is owned or controlled by the same owner. This could include vessels secured under the Investment. In countries with “sister ship” liability laws, claims might be asserted against a counterparty or any of its vessels for liabilities of other vessels that it owns.

Insurance Coverage. The vessels associated with the Investments are subject to a variety of operational risks caused by adverse weather conditions, mechanical failures, human error, war, terrorism, piracy, or other circumstances or events. The counterparties owning these vessels carry insurance against commonly insured risks. The insurances include hull and machinery insurance, war risks insurance, protection, and indemnity insurance, which includes environmental damage and pollution insurance, and may include insurance against loss of hire, covering business interruptions that result in the loss of use of a vessel. A third-party insurance expert employed and supervised by the Adviser will review the insurance coverage relating to the vessels of the Investment Vehicles’ Investments from inception and periodically thereafter. However, there can be no assurance that all risks will, or can be, adequately always insured.

Increased Industry Regulation. The maritime and offshore services industries are subject to complex environmental laws and regulations, in the form of international conventions and treaties, national, state and local laws and national and international regulations. Vessel classification societies also impose significant safety and other requirements on vessels. Increased regulations may, among other things, increase compliance and operational costs which affect business opportunities for certain investments.

Cybersecurity Risk. The information and technology systems of the Adviser, of key service providers to the Adviser as well as the collateral vessels and the operators of the collateral vessels their clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser and its key service providers have implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time, or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser, its client accounts or the collateral vessels and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information.

Risk Management Failures. Although the Adviser attempts to identify, monitor, and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior. Future market behavior may be entirely different and, therefore, the risk management techniques employed on behalf of the clients may be incomplete or altogether ineffective. Similarly, the Adviser may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to the clients.

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

Certain of the Investment Vehicles for which the Adviser serve as investment manager have and may in the future, enter into agreements, or “side letters,” with certain prospective or existing investors whereby such investors including such persons that may be affiliated with the Adviser may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the Investment Vehicle. For example, such terms and conditions may provide for special rights to make future investments in the Investment Vehicle, other investment vehicles or managed accounts; a waiver or rebate in fees; rights to receive reports from the Investment Vehicle on a more frequent basis or that include information not provided to other investors and such other rights as may be negotiated by the Investment Vehicle and such investor(s). The modifications are solely at the discretion of the Adviser and may, among other things, be based on the size of the investor’s capital commitment in the Investment Vehicle.

John Daly, who serves as Director of Investor Relations for the Adviser, also serves as the Managing Member of Manor Private Capital, LLC, a registered broker-dealer and FINRA member firm of which he is the sole owner. Manor Private Capital, LLC’s primary business is assisting companies in raising funds. As part of an arrangement made prior to Mr. Daly’s employment with the Adviser, Manor Private Capital, LLC is paid placement agent fees for the capital commitments made by certain investor(s) in the Investment Vehicles. Currently, Manor Private Capital LLC does not conduct any other business with the Adviser nor the Investment Vehicles.

Item 11. Code of Ethics, Participation, or Interest in Client Transactions and Personal Trading

The Adviser has adopted a Code of Ethics (the “Code”) that obligate the Adviser to put the interests of the Adviser’ clients before its own interests and to act honestly and fairly in all respects in its dealings with clients. Personnel of the Adviser is also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Richard M. Lemanski (Chief Compliance Officer) by email at rlemanski@northernshippingfunds.com, or by telephone at (203) 487-3434.

The Adviser, during their investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser may seek to invest on behalf of an Investment Vehicle. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is an Investment Vehicle. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Advisers are meeting their obligations to the Investment Vehicles and remaining in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to an Investment Vehicle or using such information for the benefit thereof. In such circumstances, the Adviser will have no responsibility or liability to an Investment Vehicle for not disclosing such information thereto (or the fact that the Adviser possesses such information), or not using such information for the benefit of the Investment Vehicle, because of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser may permit its senior staff members to co-invest in an investment alongside its clients, on the same terms, including price, as were offered to its clients. This is only provided when its clients have been given the option to invest in the investment and, in the case of Investments alongside certain Investment Vehicles. The relevant limited partner advisory committee also needs to approve this co-investment.

Item 12. Brokerage Practices

This Item is not applicable.

Item 13. Review of Accounts

Each Investment Vehicle's portfolio is reviewed by the Valuation Committee of the Adviser, on a quarterly basis, as well as by the responsible Senior Investment Manager and Chief Credit Officer on a semi-annual basis to determine whether its Investments are performing in accordance with the Adviser's strategy. Matters reviewed include the composition of the Investment Vehicle's portfolio and the performance of the Investments therein, counterparty risk, and other financial, operational, and technical factors.

Significant market or credit events that may affect the projected results of one or more Investments may trigger reviews of an Investment Vehicle's portfolio on other than a periodic basis.

Investors in an Investment Vehicle receive summary or other financial reports from the Investment Vehicle on a quarterly basis.

Item 14. Client Referrals and Other Compensation

The Adviser may enter into written agreements with and compensate unaffiliated third parties for soliciting new investors to certain of the Investment Vehicles. Under such agreements, the Adviser agree to pay a placement agent a percentage of the amounts invested into an Investment Vehicle to the extent the investors were referred by the placement agent. The Adviser may also pay placement fees under these agreements to former unaffiliated placement agents of the Adviser that referred investors during their engagement. The fee is only paid to the extent that the referred investor makes a subsequent investment in any Investment Vehicles. The use of or payment to any placement agent is fully disclosed to investors referred by the placement agent.

Item 15. Custody

The Adviser has custody over the funds of some of its Investment Vehicles. Most assets of the Investment Vehicles are privately negotiated contracts (i.e., loans and leases). The cash and cash like assets of the Investment Vehicles are held in custody by unaffiliated banks and the discretionary funds are reviewed by a third-party fund administrator. The Investment Vehicles are subject to an annual audit. The audited financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles by a firm registered with and subject to inspection by the Public Company Accounting Oversight Board. The audited financial statements are distributed within 90 days of the year end to each investor of Investment Vehicle.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to certain of its clients. Prior to assuming discretion in managing a client's assets, the Adviser enter into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser have the authority to determine (i) the investments to be purchased and sold for the client account within the Investment Vehicle (subject to restrictions on its activities set forth in the applicable limited partnership agreement or investment management agreement and any written investment guidelines), and (ii) the amount of investments to be purchased or sold for the client account within the Investment Vehicle.

For each investment strategy, it is the policy of the Adviser to keep only one Investment Vehicle (or related family of similarly managed Investment Vehicles) open for investment at any given time although existing Investment Vehicles may make follow-on investments or have undrawn commitments. All investment opportunities are directed towards the open Investment Vehicle or related family of similarly managed Investment Vehicles providing there is investment capacity within that Investment Vehicle given concentration limits. While the Adviser's procedures relating to the allocation of investment opportunities generally require that similarly managed accounts participate in investment opportunities pro rata based on asset size, there may be differences among clients in invested positions held for a related family of similarly managed Investment Vehicles. In such circumstances, the Adviser may consider the following factors, among others, in allocating Investments among clients: (i) a client's investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows.

Any investment opportunities which exceed the allocation restrictions of the open Investment Vehicle or related family of similarly managed Investment Vehicles will be considered for co-investment opportunities. The Adviser and their investment personnel may provide investment management services to multiple portfolios for multiple clients.

Item 17. Voting Client Securities

Due to the nature of the investments in the Investment Vehicles, the Adviser has not had and generally will not have the authority to vote proxies. To the extent that the Adviser has such authority, it will comply with proxy voting policies and procedures that are designed to ensure that the Adviser votes proxies in the best interests of its clients.

Item 18. Financial Information

This Item is not applicable.