



Newport Investment Management, LLC
A Wholly Owned Subsidiary of Newport Capital Partners Holding, LLC

Firm Brochure
Form ADV Part 2A
November 9, 2023

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The following constitutes Newport Investment Management's annual brochure and provides information about the qualifications and business practices of the Firm. If you have any questions about the contents of this brochure, please contact us at (312) 724-7032 and/or derrick@newportcapitalptrs.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities authority.

Newport Investment Management is a Registered Investment Adviser under the Investment Advisers Act of 1940. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you can determine to hire or retain an adviser.

Additional information about Newport Investment Management is also available on the SEC's website at www.adviserinfo.sec.gov.

Brochure as of November 2023



Item 2 - Material Changes

There has been a material change since the last annual brochure update created in March 2023.

Newport Investment Management accepts side letter arrangements, which has been disclosed in Item 5 of this Brochure.

The most recent version of the Brochure may be requested through our office via email at roseann@newportcapitalptrs.com or phone at (312) 724-7036.



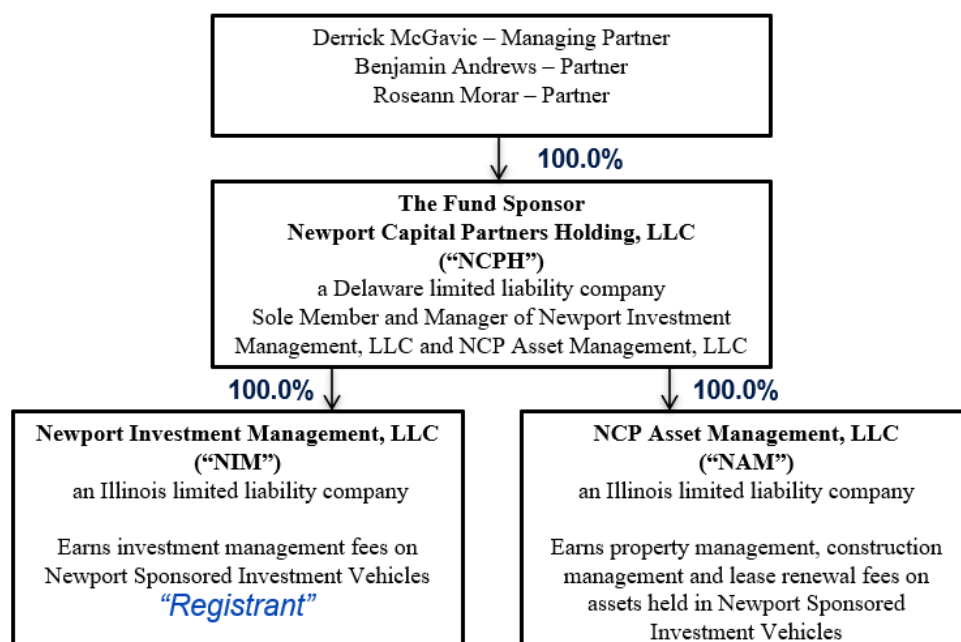
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Item 4 - Advisory Business

Newport Investment Management, LLC (“Newport”) is a Chicago based real estate investment manager that was formed in March 2010. The firm focuses on acquiring, operating, financing, and selling neighborhood and community retail centers on behalf of its clients. The firm is owned by Newport Capital Partners Holding, LLC (NCPH), which is a partnership between Mr. Derrick E. McGavic, Mr. Benjamin E. Andrews and Ms. Roseann M. Morar. NCPH has two (2) subsidiaries, Newport Investment Management LLC and NCP Asset Management, LLC.



Newport provides advisory and management services to closed-end comingled funds and separate accounts (“Real Estate Funds” or “Funds”) that invest in convenience/necessity-based retail properties and grocery anchored retail properties in major US metro areas. Investment advice is limited to the Real Estate Funds the firm currently manages. Investment advice is provided on a discretionary and non-discretionary basis, with discretion obtained at the time the Fund’s advisory agreement and/or operating agreement is executed. Newport’s Funds, both discretionary and non-discretionary, have restrictions on investing as defined in their respective operating agreements.

Purchases in Funds should be considered a long-term investment because transfer of the interest is subject to significant restrictions as are deductibility of expenses and other losses. Additionally, Newport’s Funds are not deemed to be “plan assets” for purposes of the Employee Retirement Income Security Act of 1976, as amended (“ERISA”). Accordingly, there may be restrictions in the acquisition and transfer of interest in the Fund. Such restrictions could delay or preclude a limited partners ability to transfer its interest in the Fund.



Finally, because of these restrictions and the absence of a public market for the interest, a Member may be unable to liquidate its investment even though its personal financial circumstances would make liquidation advisable or desirable. The interest will not be readily acceptable as collateral for loans. Moreover, even if a Member were able to dispose of its Interest, adverse tax consequences could result.

Newport does not participate in wrap fee programs.

As of December 31, 2022, Newport managed approximately \$420.7 million in discretionary assets and approximately \$70.9 million of non-discretionary assets.

On behalf of its clients, Newport currently manages:

- Newport Capital Partners Fund I, a closed end real estate fund targeting convenience/necessity-based retail properties in major Midwestern metro areas (the “Newport Fund I”). The Fund has acquired six investments since inception and has completed its investment period. The Fund has sold five of the six investments as of calendar year end 2022. The Fund has raised \$43.1 million of Limited Partner capital and as of December 31, 2022 had Gross Asset Value of \$16.2 million.
- Newport Capital Partners Fund II, a closed end real estate fund targeting convenience/necessity-based retail properties in major metro areas in the central United States (the “Newport Fund II”). Through December 31, 2022, the Fund has acquired twelve investments since inception and has completed its investment period. The Fund has sold four of the twelve investments as of calendar year end 2022. As of December 31, 2022, the Fund had Gross Asset Value of \$146.7 million.
- Newport Capital Partners Fund III, a closed end real estate fund targeting convenience/necessity-based retail properties in major metro areas in the central and south United States (the “Newport Fund III”). The Fund began investing in 2021 and has acquired six investments with total Gross Asset Value of \$215.9 million as of December 31, 2022. Newport is actively marketing Newport Fund III and anticipates a final investor closing in June 2023.
- Newport III CRA Fund, a closed end real estate fund targeting convenience/necessity-based retail properties in major metro areas in the central and south United States (the “CRA Fund”). The CRA Fund is a parallel investment vehicle to Newport Fund III and will co-invest with Fund III in properties located in low-to-moderate income geographies. The CRA Fund began investing in 2021, and has invested in four Fund III investments with a Gross Asset Value of \$40.4 million as of December 31, 2022. Newport is actively marketing the CRA Fund and anticipates a final investor closing in June 2023.
- Newport-3S, LLC, in January 2019 was awarded a \$20 million joint venture commitment by 3S Capital an investment firm based in United Arab Emirates (“Newport-3S”). The Joint Venture targets convenience/necessity-based retail properties in major metro areas in the central United States. In 2019, Newport-3S acquired one investment and as of December 31, 2022 held a Gross Asset Value of \$31.8 million.



- TCB-MDP, LLC (“MDP”) is a co-investment vehicle created for the purpose of co-investing with Newport Fund II directly into select Fund II assets. MDP has invested into two real estate investments and as of December 31, 2022, MDP had a Gross Asset Value of \$38.9 million.
- TCB-Edens Holding, LLC (“Edens”) was created for the purpose of co-investing with Newport Fund II directly into Edens Plaza, a neighborhood shopping center. Edens Plaza was sold in 2022. As of December 31, 2022, Edens had a Gross Asset Value of \$200 thousand representing undistributed cash. The vehicle will be fully liquidated and dissolved in 2023.



Item 5 - Fees and Compensation

Investment advisory services provided by Newport and the fee schedules for such services are fully disclosed in the Investment Advisory Agreements. Newport receives basis point compensation from a fixed, acquisition, disposition, financing fee and a percentage of gross acquisition price or equity commitment. Fees are negotiable and vary between 0-175 basis points based on market survey. Additionally, they are set at the time the fund operating agreement is signed. Below is a chart that illustrates the percentage of basis points the firm typically receives from each fee.

Percentage of Equity Committed or Invested	100-250 bps
Fixed Fee	Variable
Acquisition Fee	0-100 bps
Disposition Fee	0-100 bps
Financing Fee	0-100 bps

Fees are billed as an allocated expense to the real estate investment or to the respective fund. Investment Advisory Fees are typically paid quarterly.

The firm's affiliate NAM earns property level fees (i.e., property management, leasing commissions, and construction management) provided they do not exceed "market" rates. Fees are calculated on fixed percentages and are disclosed at the time the Fund's operating agreement is signed. NAM also completes a market rate survey annually and will request Limited Partner Advisory Committee approval to provide property level services as required by a Fund's operating agreement. Property level fees are paid monthly or quarterly as earned.

If an advisory contract is terminated before the end of the billing period, the client is due a refund based on the pro-rata number of days Newport was the investment manager. Neither Newport, nor any supervised persons, accepts compensation for the sale of securities or other investment products. Additionally, the firm does not charge a custodial fee.

Newport permits the Funds to enter into revenue share agreements (side letter arrangements) whereby investors may negotiate certain terms and conditions in addition to those set forth in the offering memoranda of the Funds. The modifications are solely at the discretion of the Funds and may be, among other things, driven by an investor's regulatory constraints, based on the size of the investor's investment in the Funds, or related to other similar commitments by an investor. The terms of such arrangements do not impact the economics of the Fund or an investment therein nor serve to disadvantage other Fund investors. Newport's discloses such arrangements in the Fund Governing Documents.



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

In addition to the fees described above, Newport charges a performance-based fee on all of its investment vehicles. The amount of the performance-based fee will vary depending on the performance of the applicable fund and “priority return” hurdles as defined in the fund agreement. Below is a cash flow waterfall example which illustrates the priority return hurdle range and typical cash flow split between Limited Partners and Newport as the General Partner.

Typical Waterfall Structure

1. All investors receive 100% of cash flow pari passu to an 8-10% IRR (“Priority Return”);
2. From the Priority Return to 11-13.5% IRR (“Priority Return #2”):
 - (a) 20% of profits to the General Partner
 - (b) 80% to all Limited Partners.
3. Above Priority Return #2:
 - (a) 25% of profits to the General Partner
 - (b) 75% to all Limited Partners.

Payments 2(a) and 3(a) are the performance-based fees. Performance based fees are typically split 50% with the General Partner Investors which include Newport team members and non-team members and 50% to Newport.

While performance-based fees are intended to reward employees for successful management of client accounts, they may create incentives for employees to take additional risks during the management of accounts.

To address these and other conflicts of interest that may arise, Newport has adopted policies and procedures designed to ensure that all client accounts are treated equitably and that no account receives favorable treatment. For example, Newport awards shares of incentive fees (classified internally as “Points”) annually over the life of the investment vehicle (up to 10 years), with a 3-year vesting schedule to all employees, regardless of their client assignment.



Item 7 - Types of Clients

Newport provides investment advisory services on a discretionary and non-discretionary basis to Real Estate Funds (both closed-end comingled funds as well as joint venture accounts). Fund investors include pension plans, fund-of-funds, endowments, foundations, family offices and high net worth individuals.

The firm requires its Funds to enter into a written investment advisory agreement. Fund investors purchase interest in a Fund by signing the Fund's operating agreement and completing subscription documents. Generally, Newport's initial minimum account size is \$5,000,000, subject to Newport's discretion.

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

Methods of Analysis/Investment Strategies

Newport acquires assets where it can utilize its experience as an investor/operator and in dept capital markets to create value at the property level. The Funds strategy is identifying income-producing, multi-tenant, neighborhood and community retail and mixed-use properties with convenience/necessity-based tenancy. The Funds will seek investment opportunities where it can properly position its capital for the most advantages risk/reward within a capital structure. Methods of analysis for real estate typically include Discounted Cash Flow analysis, Site characteristics, area population and economic demographics. As most of its investments are leveraged, the potential risk of loss is 100% of allocated equity.

Risk of Loss

The purchase of interest involves certain risk and is suitable only for persons of substantial financial means who have no need for liquidity in their investment and who can bear the risk of loss. There are no assurances of profitable operations because the cost of owning the properties may exceed the income proceeds particularly since certain expenses related to real estate and its development/ownership such as property taxes, utility cost, maintenance cost and insurance tend to increase over time. Accordingly, the potential risk of loss is 100%.

Item 9 - Disciplinary Information

Newport is occasionally subject to regulatory examinations. None of Newport's regulatory examinations in the past 10 years are material to an investor's evaluation of the firm's investment advisory business or the integrity of its management.

Furthermore, the firm has not been involved in any administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, any foregoing financial regulatory authority or a Self-Regulatory (SRO) proceeding.

Finally, Newport has no criminal or civil action pending nor in the past 10 years.



Item 10 - Other Financial Industry Activities and Affiliations

Newport does not engage in any other Financial Industry activities. The firm is not registered, nor has application pending to register, as a broker-dealer, a registered representative of a broker dealer, futures commission merchant, commodity pool operator, or a commodity trading advisor.

An affiliate of Newport, NCP Asset Management, LLC ("NAM"), is an Illinois Real Estate Broker.

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

Code of Ethics

Newport has adopted policies, including a Code of Ethics to address the conflict of interest that may arise with respect to personal securities trading accounts, initial and annual holdings report.

Furthermore, the firm does not allow buying or selling on behalf of client account investments in which the Firm or any related person has a material financial interest.

Participation or interest in Client Transactions

Newport, and related persons, may co-invest with clients on specific transactions. Such co-investments are fully disclosed to clients and designed to align the interests of Newport with its clients.

Newport and related persons are prohibited from buying or selling an investment which is in close proximity, or would be economically impacted, at the same time it recommends buying or selling to a client.

Personal Trading

Other policies cover, among other things, trading policies, personal investment transactions and insider trading. These policies are meant to avoid actual and apparent conflicts of interest and to ensure that client's interest is placed first. Policies also prohibit individuals from purchasing or selling any security for their own account or that of a client while in possession of material, non-public information a security or its issuer.

Newport will provide a copy of its Code of Ethics to any client or prospective client upon request.



Item 12 - Brokerage Practices

Newport does not select or recommend broker dealers for client transactions nor does it receive client referrals from broker dealers.

The firm does engage licensed real estate brokers to sell assets, place mortgage financing and lease space. Prior to selecting a real estate broker, Newport solicits a relevant market proposal from at least two (2) agents. The firm will use its best judgement in evaluating the confidentiality, certainty of effective execution required for transactions, general execution and operational capability, reputation, reliability, and experience of real estate broker. Based upon the proposal, Newport selects the team that is most capable when considering the type of the assignment, property type, location, and fee schedule.

Item 13 - Review of Accounts

In addition to the ongoing management of accounts, Newport meets, in person or via tele-conference, with its Fund Investors no less than annually to review Fund performance and provide investment strategy updates. This is typically handled by the Firm's Managing Principal and/or the head of Asset Management.

Review of client accounts will also occur, if market conditions trigger the need for additional capital, or a change in strategy (sale / refinance) merits discussion regarding investment strategy.

Newport provides written quarterly Fund financial reports with a narrative update to all Fund Investors. The narrative update includes market and asset level news that are applicable to each client. The reports are delivered via email. Newport also provides a written yearly strategic plan and audited Financial Statements for its Funds.

Item 14 - Client Referrals and Other Compensation

Newport does not accept client referrals for a fee.

Item 15 - Custody

Newport does not maintain custody of client funds; client assets generally are maintained with unaffiliated qualified custodians. However, in connection with the management of certain property and fund investments, Newport is deemed to have custody of client assets under Rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Custody Rule").

The Funds have made arrangements with qualified custodians. The annual financial statements of these Funds are audited by an independent public accountant registered with the Public Company Accounting Oversight Board ("PCAOB").



Item 16 - Investment Discretion

Newport does accept discretionary authority as allowed under individual investment advisory agreements. However, the firm will not engage in such activity until the investment advisory agreement is executed.

The firm is subject to any applicable investment restrictions adopted by the Funds, as well as the ongoing oversight of Fund's Board of Trustee, Limited Partner Advisory Committees, or other governing body, as applicable.

Item 17 - Voting Client Securities

Newport does not, nor will it, accept authority to vote client securities.

Item 18 - Financial Information

Newport does not require or solicit repayments of more than \$1,200 from clients, six months or more in advance. Furthermore, the firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of bankruptcy proceeding.

Item 19 - Requirements for State-Registered Advisers

Newport is not currently registered with any state securities authority.



Newport Investment Management, LLC
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Brochure Supplement
Form ADV Part 2B
March 31, 2023

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- Derrick E. McGavic
- Roseann M. Morar

This Brochure Supplement provides information on personnel listed above and about Newport Investment Management that supplements the Newport Investment Management brochure. Please contact Mr. Derrick E. McGavic at derrick@newportcapitalptrs.com if you did not receive Newport Investment Management's brochure or if you have any questions about the contents of this supplement.

Additional information about our personnel is available on the SEC's website at www.advisorinfo.gov.

Brochure Supplement prepared in March 2023.



Derrick McGavic

Mr. McGavic founded Newport Capital Partners in 2004 and serves as its Managing Principal and Chief Investment Officer. He is a member of the Investment Committee and oversees Portfolio Management of the Firm's investment vehicles. Additionally, he shares responsibility with other Newport Principals on the Firm's investment strategy, operations, risk management, capital markets, and investor relationships. Mr. McGavic has over 30 years of institutional real estate experience and has executed more than \$5 billion in real estate transactions. Under his leadership, Newport has gained recognition as a leading investor/operator of neighborhood retail centers primarily located in densely populated submarkets.

Prior to forming Newport, Mr. McGavic was Managing Director with real estate investment management firm RREEF. During his tenure, he had responsibilities for the management of five commingled funds and two separate accounts with aggregate assets under management in excess of \$3.5 billion. Mr. McGavic was a member of RREEF's Value Add/Venture Capital and Structured Debt/Mezzanine Fund Investment Committees and also led major initiatives with the firm's Structured Debt and Client Relations groups. Previously, he held various roles with JER Partners and LaSalle Partners in acquisitions, portfolio management, mergers & acquisitions, loan workouts, and asset management. Mr. McGavic is a former Officer of Marines.

Mr. McGavic received his dual Bachelor of Science degrees in Business and Naval Engineering from Oregon State University and his Master of Science in Management Information Systems from the University of Southern California. He is a member of the International Council of Shopping Centers (ICSC) and its National Economic/Government Policy Committee, Pension Real Estate Association (PREA), National Association of Real Estate Investment Managers (NAREIM), and Urban Land Institute (ULI). Mr. McGavic is actively involved in increasing access for veterans in the Real Estate and Finance industries and is a supporter of nonprofit organizations Disabled American Veterans (DAV) and Misericordia Heart of Mercy.

Roseann Morar

Ms. Morar joined Newport Capital Partners in 2016 and is a Partner and serves as Chief Financial Officer. In this capacity, she is responsible for the Firm's accounting and reporting functions related to real estate properties, investment vehicles, investors, and corporate activities, and is a member of the Investment Committee. She shares responsibility with other Newport Partners on the Firm's investment strategy, operations, risk management, capital markets, and investor relationships. In addition, she has oversight of Newport's corporate operations including compliance, human resources, information technology, and insurance.

Ms. Morar has nearly 15 years of financial accounting experience in the real estate sector and is well versed in transaction accounting, property accounting, real estate performance measurement and SEC compliance. Prior to joining Newport, Ms. Morar was Assistant Portfolio Controller of Accounting with LaSalle Investment Management. During her tenure, she was primarily responsible for the accounting and reporting functions of the firm's \$3+ billion core real estate open-end fund. She also supported



other real estate investment vehicles that invested across property types and strategies, worked with a team of external property management firms to complete onsite audits, and participated in leadership initiatives for the 60+ person accounting team. She began her career as an External Auditor with Deloitte and audited public and private real estate firms' financial statements and control infrastructure.

Ms. Morar received her Bachelor of Science degree in Accountancy with honors from the University of Illinois at Urbana-Champaign. She is a member of the National Council of Real Estate Investment Fiduciaries (NCREIF) and the National Association of Real Estate Investment Managers (NAREIM). Ms. Morar is a Certified Public Accountant (CPA) and a supporter of nonprofit organization Trinity Services, Inc.