



Navigation Capital Partners, Inc.

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**Part 2A of Form ADV: Firm Brochure
March 14, 2012**

This brochure provides information about the qualifications and business practices of Navigation Capital Partners, Inc. If you have any questions about the contents of this brochure, please contact us at 404-504-4072. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about Navigation Capital Partners, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. *Material Changes.* There have been no material changes to Navigation Capital’s Form ADV Part 2A since Navigation Capital filed its first Form ADV Part 2A on April 29, 2011.

Item 3. *Table of Contents*

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Item 4. *Advisory Business*

General Information

Navigation Capital Partners, Inc., a Delaware corporation (“Navigation Capital”), was organized in December 2006 and provides investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (each, a “Fund”, and collectively, the “Funds”). As the investment adviser of each Fund, Navigation Capital, along with each Fund’s General Partner (each a “General Partner”), identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments of, each Fund.

The primary focus of Navigation Capital’s investment advisory activity is researching and advising on private equity investments in a wide variety of industries. Such investments take the form of privately negotiated investment instruments including unregistered equity securities. Although the primary focus of each Fund is on private equity investments, Navigation Capital may from time to time recommend other types of investments consistent with the respective Fund’s investment strategy and objectives, as set forth in its governing documents.

Navigation Capital provides investment advisory services to each of the Funds, subject to the direction and control of the affiliated General Partner of the Fund.

Discretionary Services

All of Navigation Capital’s investment advisory services are provided on a discretionary basis. As of December 31, 2011, Navigation Capital had approximately \$231,100,000 in assets under management.

Principal Owners

Larry Mock and John Richardson are the principal owners of Navigation Capital.

Item 5. *Fees and Compensation.*

The Funds generally pay Navigation Capital an annualized management fee of between 1.50% and 2.00%, as set forth below, and as further described in each Fund’s limited partnership agreement (the “Management Fee”). The Management Fee is paid quarterly in advance and is deducted from the Fund. Generally, each Fund pays the Management Fee on all capital committed by the Fund’s limited partners for an initial period (e.g., the first five years of the Fund’s existence), and thereafter, the Fund pays the Management Fee on an amount equal to the Fund’s invested capital. The Management Fee is generally subject to waiver or reduction by each Fund’s General Partner in its sole discretion, including in connection with investments made by the General Partner or its related persons.

In addition, each Fund is also responsible for certain of its operating expenses including, without limitation, legal, accounting, tax, auditing and administrative fees, as outlined in its offering memorandum. To the extent Navigation Capital or its affiliates provide and are compensated for any of the foregoing services not covered by the Management Fee, such payments may be offset from the Management Fee, as described in each Fund's offering memorandum. Each Fund is also responsible for brokerage commissions and custodial fees paid to third parties.

In the event of a termination of a Fund's investment advisory agreement, fees will be prorated. Any paid but unearned fees will be promptly refunded to the Fund, and any fees due to Navigation Capital from the Fund will be invoiced or deducted from the Fund's account prior to termination.

Additional information related to the foregoing is set forth below under "*Performance-Based Fees and Side-By-Side Management*" and "*Brokerage Practices*".

Item 6. *Performance-Based Fees and Side-By-Side Management*

Certain affiliates of Navigation Capital may receive distributions of carried interest equal to between 15% and 20% of the net profits earned by each limited partner in the respective Fund. While the Funds have long-term investment strategies, and offer investors preferred returns and "clawback" protections, potential investors should note that a carried interest arrangement may nonetheless provide an incentive for Navigation Capital to make investments that are riskier or more speculative than would be the case in the absence of such an arrangement.

Item 7. *Types of Clients*

Navigation Capital currently provides investment advisory services to the Funds. Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of each Fund, and not individually to the limited partners of the Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds may include high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations and other business entities.

The minimum investment in a Fund is generally \$1,000,000. However, the General Partner of each Fund, in its sole discretion, may permit investments that are less than the required minimum investment commitment set forth in the applicable fund documents of the Fund.

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

Methods of Analysis and Investment Strategies

Navigation Capital attempts to achieve each Fund's investment objective by generally targeting middle market companies (i.e., companies with an enterprise value between \$10 and \$75 million) that operate in higher-growth industry segments in the southeastern United States. Each Fund's value-oriented approach relies on investment opportunities that are sourced through targeted processes, and that can be acquired for attractive valuations given the nature of their management (often founder-run and without key functional area leaders) or their size. Once invested, Navigation Capital seeks to add value by upgrading and expanding management teams, establishing operational best practices, and developing strategic plans to accelerate growth and diversify service offerings, often through strategic add-on acquisitions. Navigation Capital believes that this process leads to equity value creation in its portfolio companies and the potential for attractive returns for its investments.

In assessing current and potential investments, Navigation Capital may, without limitation, use one or more of the following investment approaches:

- *Value-oriented investment philosophy*

Navigation Capital focuses on opportunities pursuant to internally developed investment themes. Accordingly, Navigation Capital may source opportunities in accordance with these themes from their extensive networks of personal and professional contacts, from targeted industry searches, and through Navigation Capital's Executive-In-Residence (EIR) Program, whereby seasoned executives assist Navigation Capital in seeking investment opportunities where the executives have prior operating experience and where they will assume a leadership role in conjunction with a Fund's investment.

- *Operational focus*

Navigation Capital targets companies that generally enjoy strong reputations in their respective markets, but are challenged in scaling due to a lack of resources, infrastructure or management. In a process that begins before a transaction closes, Navigation Capital works with its portfolio companies to develop long-range strategic and operational plans focused on enhancing management team capabilities, diversifying service offerings and accelerating sales growth.

Risk of Loss

While Navigation Capital seeks to diversify each Fund's investment portfolio by investing in multiple companies, all investment portfolios are subject to risks. Accordingly, there can be no assurance that a Fund will be able to fully meet its investment objectives and goals, or that investments will not lose money. Below is a description of several of the principal risks that each Fund faces.

Management Style Risks. While Navigation Capital manages each Fund's investment portfolio based on Navigation Capital's experience, research and proprietary methods, the value of a Fund's investment portfolio will be subject to fluctuations based on the performance of the underlying companies and securities in which the Fund is invested. Accordingly, Funds are subject to the risk that Navigation Capital's investment style is out of favor in the market.

Investments in Middle Market Companies. Each Fund will be focused on middle market portfolio companies. While certain middle market companies may offer greater potential for capital appreciation than larger companies, this potential for greater capital appreciation is accompanied by a greater risk of loss.

Undervalued Companies. Navigation Capital may invest Funds in companies that Navigation Capital considers to be "undervalued". The value of an undervalued company may be depressed due to factors including, but not limited to, disappointments in recent earnings, diminished expectations regarding earnings, current or expected adverse economic or industry conditions, or a lack of sufficient investor interest. Investments in companies that Navigation Capital believes are undervalued are accompanied by a substantial risk of loss because Navigation Capital may be mistaken regarding whether particular companies are undervalued when purchased, and prices for the companies may fall, resulting in material losses for a Fund on those investments.

Leverage. Certain Funds may allow Navigation Capital or one of its affiliates to borrow money on behalf of a Fund and to invest the proceeds thereof for the Fund's investment portfolio. While the use of leverage may increase potential gains, Funds that use leverage are also subject to greater risk of loss in the event that investments acquired with borrowed money decline in value.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While Navigation Capital performs due diligence on the companies in which it invests, economic conditions are not within the control of Navigation Capital and no assurances can be given that Navigation Capital will anticipate adverse developments.

Geographic Concentration Risk. Certain Funds will focus their investments in a particular geographic region and therefore will be particularly vulnerable to events affecting companies in the region. The economy of a particular region in which a Fund may focus its investments is influenced by financial and market considerations in the relevant region. The performance of a Fund focused on a particular region may be worse than the performance of other funds that invest more broadly geographically.

Lack of Diversification. A Fund may not have a diversified portfolio of investments at any given time. While investing large amounts of assets in a very small number of companies will allow Navigation Capital to more easily monitor the performance and operations of portfolio companies, a substantial loss with respect to any particular investment in an undiversified portfolio will have a substantial negative impact on the aggregate value of the portfolio.

Market Risks. Subject to the terms of each Fund's governing documents, Navigation Capital may invest Fund portfolios into publicly-traded equity securities, such as common stocks or preferred stocks. Investments in stocks and other equity securities are subject to the risks of declines in these equity markets.

Illiquidity of Investments. The Funds' investments may consist of securities that are subject to restrictions on sale under U.S. securities laws. Generally, a Fund will not be able to sell these securities publicly in the U.S. without the expense and time required to register the securities under the Securities Act or will be able to sell the securities only under Rule 144 or other rules under the Securities Act that permit only limited sales under specified conditions. In addition, practical limitations may inhibit a Fund's ability to liquidate certain of its investments in the portfolio companies since the issuer will be privately held and the Fund may own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The limitations on liquidity of a Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

Item 9. Disciplinary Information

Navigation Capital has no disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

The principals of Navigation Capital are also the principals of the General Partner of each Fund.

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

Code of Ethics. Under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), Navigation Capital and its principals and employees ("Supervised Persons") owe fiduciary duties to their clients. Consistent with these duties, Navigation Capital has adopted a Code of Ethics ("Code") that, among other things, requires that its Supervised Persons reflect the professional standards expected of investment advisers and comply with federal and state securities laws and regulations pertaining to Navigation Capital. Under the Code, Supervised Persons should place the interests of clients first, ahead of their own personal interests, and generally seek to treat clients fairly. In addition, Supervised Persons are prohibited from engaging in any practice that

defrauds or misleads any client or investor, or engaging in any manipulative or deceitful practice with respect to clients, investors or securities.

The Code also includes provisions addressing personal trading by Supervised Persons, as summarized below:

Personal Trading. Under the Code, Supervised Persons are generally required to submit information about their personal trading activities to Navigation Capital's chief compliance officer ("CCO") or the CCO's designee for review. In addition, Supervised Persons are generally required to notify the CCO and obtain advance approval of certain personal trades in securities that may be traded by Navigation Capital for client accounts. Violations of the Code may result in disciplinary action up to and including dismissal.

Participation or Interest in Client Transactions. Under the Code, Supervised Persons are prohibited from trading in securities on the basis of material, non-public information or communicate material, non-public information about the issuer of any security to any other person.

Navigation Capital will provide a copy of the Code to clients or prospective clients upon request.

Item 12. *Brokerage Practices*

Although Navigation Capital does not generally utilize the services of broker-dealers for transaction related services, in the event it chooses to use a broker-dealer, Navigation Capital seeks to obtain best execution of transactions. To the extent Navigation Capital aggregates orders for purchase and sale, Navigation Capital will aggregate such orders as it deems appropriate and in accordance with each Fund's documents and in the best interest of each Fund.

Item 13. *Review of Accounts*

Oversight and Monitoring

Mr. Mock and Mr. Richardson, Navigation Capital's managing directors, review Fund accounts not less than quarterly. These reviews focus on appropriateness of the Fund's investments for the client's portfolio and the performance of the client's account.

Reporting

Investors in the Funds will typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of the Fund. In addition, investors in each Fund will typically receive unaudited summary financial information regarding the Fund following the end of each financial quarter. Investors in the Funds also receive regular reporting updates through quarterly letters and investor meetings.

Item 14. *Client Referrals and Other Compensation*

Navigation Capital may engage solicitors who refer clients to Navigation Capital consistent with the requirements of Rule 206-4(3) under the Advisers Act. In addition, Navigation Capital or its affiliates may, in certain instances, receive discounts on products and services provided by portfolio companies, or receive compensation for services provided to portfolio companies.

Item 15. *Custody*

All of the Funds' certificated investment securities are held by a qualified custodian on behalf of the Funds. The Adviser does not use the qualified custodian to send quarterly account statements directly to the Funds or investors in the Funds. Each Fund is audited annually and the annual audited financial statements of each Fund are sent to the Fund's investors.

Item 16. *Investment Discretion*

Navigation Capital has discretion to determine the investments to be bought or sold and the amounts to invest for the Funds, pursuant to the investment advisory agreement between each Fund and Navigation Capital.

Item 17. *Voting Client Securities*

As a policy, Navigation Capital votes proxies related to securities held in Fund accounts in a manner that serves the best interests of its clients. In voting securities held in a Fund account, Navigation Capital will attempt to resolve any conflict of interest between the Fund and Navigation Capital's business interests in the way that will most benefit the Fund. Navigation Capital maintains a detailed Proxy Voting Policy and a record of how Navigation Capital has voted proxies, each of which is available to clients upon request.

Item 18. *Financial Information*

Navigation Capital does not require or solicit prepayment of fees six months or more in advance, and Navigation Capital currently does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.