



**GLOBAL
ENVIRONMENT
FUND®**

*Investing Private Equity for a Cleaner World since
1990*

GLOBAL ENVIRONMENT FUND

5471 WISCONSIN AVENUE, SUITE 300

CHEVY CHASE, MD 20815

U.S.A.

TELEPHONE: +1.240.482.8900

Website: www.globalenvironmentfund.com

PART 2 A OF FORM ADV

ANNUAL UPDATE FOR THE YEAR ENDING DECEMBER 31, 2013

This brochure provides information about the qualifications and business practices of Global Environment Fund. If you have questions about the contents of this brochure, please contact us at 240-482-8900 or at kvasilescu@gefdc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Global Environment Fund (GEF) is also available on the SEC's website at www.advisorinfo.sec.gov.

MATERIAL CHANGES

Please note that GEF has added a "private fund" client since the annual update for the year ended December 31, 2012. Other than that there are no material changes to this updated Part 2A of the Form ADV. However, you are encouraged to review this brochure in its entirety. Any material changes to GEF's brochure in the future will be described in this Item.



PART 2A OF FORM ADV
ANNUAL UPDATE FOR THE YEAR ENDING DECEMBER 31, 2013

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Global Environment Fund (801-38983)

PART 2 A OF FORM ADV

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ITEM 4: ADVISORY BUSINESS

Established in 1990, Global Environment Fund (GEF) provides investment advisory services to privately held pooled investment funds, or funds from many individual investors that are aggregated for the purpose of investment in order to benefit from economies of scale, that invest in businesses around the world. The businesses in which these funds invest provide solutions to environmental and energy challenges in the areas of clean energy, energy efficiency, clean water, mass transportation and sustainable resource development and utilization. GEF is an SEC-registered investment adviser¹. The principal owners of the firm are H. Jeffrey Leonard (indirectly through J Leonard Assets, LLC) and the GEF Management Corporation Employee Stock Ownership Plan.

Services Provided

GEF provides investment advisory services to a group of private-equity investment partnerships and limited liability companies (in aggregate, the “Funds”). The services provided to the Funds across each strategy described below include identification of potential investments, financial analysis, investment structuring, acquisition services, post-acquisition monitoring, and disposition through private transactions or public markets. Investors in the Funds do not, and are not allowed to, place limitations on investments by the Funds. However, each Fund’s governing documents contain certain limitations, such as geographical and concentration limitations, as well as prohibitions against certain types of investments (e.g. hostile takeovers of publicly traded companies, investment in blind pools, and short selling apart from hedging transactions undertaken to limit risks associated with a pre-existing investment). Such limitations differ meaningfully from one Fund to another, based on, among other things, the investment strategy of such Fund.

Each Fund generally invests in one of three core asset classes: U.S. Growth Equity², Emerging Markets Growth Equity and Emerging Markets Sustainable Forestry. The specific investment

¹ The term “registered investment adviser” is not intended to imply that GEF has attained a certain level of skill or training. It is used strictly to reference the fact that we are “registered” as an “investment adviser” with the United States Securities and Exchange Commission. The funds that GEF provides advisory services to are not registered under the U.S. Securities Act of 1933 or under the Investment Company Act of 1940. The interests in such funds are offered and sold exclusively to investors satisfying applicable eligibility and suitability requirements.

² Growth Equity is generally defined as (but not limited to) investment in companies that are looking for capital to expand or restructure operations, enter new markets or finance a significant acquisition. Companies that seek growth



strategy of each Fund is determined at the Fund's formation and is described in the Fund's private placement memorandum ("PPM") and governing documents such as a limited partnership agreement ("Governing Documents"). Each investment strategy is led by an experienced investment team ("Team"), providing the services described above, that combines specialized market and domain experience with proven financial and operational capabilities.

GEF's U.S. Growth Team invests in companies that provide products or services in the renewable energy, energy efficiency and environmental infrastructure industries, primarily in the United States. These companies are helping to meet growing commercial demand in key sectors of the core economy – such as energy generation, transportation and manufacturing – to be more clean and efficient. The U.S. Growth Team works to establish solid partnerships with strong management teams, and helps them execute well-defined business plans for continued growth in these rapidly expanding markets.

The Emerging Markets Team addresses environmental challenges arising from industrialization and rapid urbanization in the developing world by investing in companies that provide products or services within the clean energy, integrated waste management, water and wastewater treatment, clean industrial technology, and healthcare markets. The Emerging Markets Team invests in markets across the globe, with special focus on China, India, Brazil, Turkey, Mexico, Africa, Southeast Asia, and Eastern Europe.

GEF's Forestry Team makes direct investments in sustainable forest management companies, principally in Africa. Target companies include those profiting from outstanding forest management practices, including the manufacture of environmentally certified wood products. These products, combined with the developing marketplace for forest ecosystem services – such as carbon sinks, water system regulators, and protection of biological diversity – suggest significant business opportunities in timberlands.

Wrap Fee Programs

GEF does not offer wrap-fee programs to its clients.

Management of Client Assets

GEF manages \$796,967,093 of client assets on a discretionary basis, and \$0 on a non-discretionary basis as of December 31, 2013.

equity may often do so in order to finance a transformational event in their lifecycle. These companies are likely to be more mature than venture capital funded companies, able to generate revenue and operating profits but unable to generate sufficient cash to fund major expansions, acquisitions or other investments.



ITEM 5: FEES AND COMPENSATION

GEF charges management fees on the basis of each Fund's assets under management. Typically, this takes the form of a percentage of each Fund's assets under management (the "Annual Fee"), which typically ranges from 1.5% to 2.5% per annum ("Annual Fee Percentage"), together with a 20 percent participation in profits (the "Carried Interest Fee") after meeting certain thresholds. Fees are initially described in each Fund's PPM, and subsequently are detailed in each Fund's Governing Documents. Fees are negotiable prior to entering into such agreements. Generally, the Annual Fee is payable quarterly, in advance, by the Fund, and is deducted from a Fund's assets. Sometimes, a percentage of other fees payable to GEF may reduce the Annual Fee owed by a Fund to GEF.

Typically, the Annual Fee is calculated during an initial period by determining a Fund's committed capital and multiplying such amount by the Annual Fee Percentage. Subsequently, a Fund's Annual Fee is usually determined by multiplying the capital invested by a Fund by the Annual Fee Percentage. The Carried Interest Fee is typically payable only after a Fund's investors have been repaid their capital and a priority return on that capital. The Carried Interest Fee is also deducted from a Fund's assets. In certain cases, GEF reduces or waives, in its sole discretion, the Carried Interest Fee for certain investors or groups of investors, such as GEF's employees. Termination of the management agreement by any Fund with its manager during a fiscal quarter may result in a refund of the unearned portion of the fee. Either party to the management agreement may terminate it. All advisory agreements expressly provide that the Investment Advisers Act of 1940, as amended (the "Act"), governs the relationship between GEF and the respective Fund.

Also initially described in each Fund's PPM and subsequently detailed in the respective Fund's Governing Documents are any expenses that may be charged to the Fund. For instance, a Fund may bear the offering and organizational expenses incurred in connection with its organization, including any related legal, accounting, or travel expenses. On an ongoing basis the Fund will pay expenses relating to its operation and proposed or actual investments. These expenses may include expenses of counsel, consultants or advisors, accountants, and custodians, travel and related expenses incurred in connection with transactions (whether or not consummated), portfolio monitoring expenses, any insurance, indemnification or litigation expenses, and any taxes, fees or other governmental charges levied against the Fund. As a private equity fund adviser, GEF does not frequently engage the services of brokers on behalf of clients. In those limited instances where such services are engaged, they are engaged on the terms described in Item 12 below.

GEF and its employees do not accept compensation for the sale of securities or other investment products.



ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

GEF typically participates in the profits of each Fund, as described above. A significant portion of the long-term compensation of GEF's employees is derived from the participation in the profits of each Fund, realized from the Carried Interest Fee. As such, both GEF and GEF's employees may be incentivized to make investments that are more speculative than would be the case in the absence of such compensation.

This potential conflict is mitigated by a rigorous transaction approval process culminating in the approval of each investment and disposition by each Fund's investment committee. GEF and its affiliates also invest in many of its Funds, which further aligns GEF's interests with those of the Funds.

Most of GEF's Funds are structured similarly in regard to performance based fees, such that the potential conflict to favor one Fund that has a performance-based fee over another Fund that does not have such a fee arrangement is rare. Further, each Fund has a specific investment strategy and term such that most opportunities are only applicable to a single Fund, or are otherwise required to be offered first to a particular Fund. To additionally mitigate the potential conflict of favoring one Fund over another, GEF maintains a Portfolio Management and Review policy that governs the allocation of opportunities. This policy is in addition to any allocation requirements within the Governing Documents of our Funds. Per such policy, GEF uses a system of pro-rata allocation, determined by a review of total assets and available cash, where Funds have like investment parameters, or where a potential investment is suitable for more than one Fund. Sales are handled similarly.

ITEM 7: TYPES OF CLIENTS

GEF provides investment advisory services solely to our private investment Funds, as noted above. Each Fund has a minimum commitment amount for prospective investors, typically \$5 million, unless waived by GEF. As a result, investors in the Funds are solely qualified investors, typically institutional investors or eligible high-net worth individuals. We also offer, from time to time, investment opportunities to our qualified professional investment personnel.

Certain investors in the Funds have negotiated additional provisions related to their particular investment criteria or needs in a side letter agreement or other writing with the general partner of that Fund, which have the effect of establishing rights under, or altering or supplementing, the terms of such Fund's Governing Documents, in respect of the investor to whom such letter or writing is addressed. For example, such rights could relate to co-investment opportunities or to appointing a representative to the Advisory Committee. Any rights established, or any terms altered or supplemented, will govern only that GEF Fund investor and not the Fund as a whole.



ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Each Fund follows GEF's strategy of making private equity investments in portfolio companies in rapidly growing sectors where GEF has particular domain expertise, and in sectors that will benefit from important national and global trends relating to energy, the environment and resource efficiency. GEF seeks to implement a consistent investment strategy, characterized by several key attributes as highlighted below.

Investment Process

Each Fund's investment process is both strategic and tactical, with a focus on mitigating risk while striving to deliver attractive returns.

Identifying Investment Opportunities

Each GEF Team applies a "top-down" origination strategy to identify the most promising opportunities within a particular Fund's sectors of interest. This approach starts with analyzing overall macro, industry and regulatory trends and focuses sequentially through an iterative process on specific companies and opportunities. This includes analyzing the full value chain and identifying the products and services that allow the sector to function – or that can significantly improve its functionality without displacing deeply entrenched technologies.

Additionally, due to GEF's tenure and stature in the industry, the Teams also receive deal flow through the Teams' close relationships with dozens of regional and sector specific bankers, brokers and consultants across their geographic focus.

Through this two-pronged sourcing method, GEF is able to review a large universe of potential opportunities.

Due Diligence and Execution

The Teams subject prospective portfolio companies to a thorough due diligence process. The Teams seek to identify not only the potential for growth and value creation, but also the challenges to achieving that potential. GEF has implemented a rigorous decision-making process that includes input from the whole Team and any other relevant GEF employees. Preliminary and final investment recommendations are made to the respective Fund's Investment Committee for final approval. The Teams also utilize outside industry consultants, accountants and legal advisors to supplement their own diligence and to evaluate recommended transaction structures that satisfy the applicable requirements of a Fund and its investors.

Active Management to Drive Transformational Change

For each portfolio company of each of the Funds, the respective Team seeks to work closely with the portfolio company's management team to implement a strategic growth plan, increase operating cash flows and build long-term equity value. The Teams expect to drive extensive



changes in corporate governance, operational infrastructure, strategic positioning, international strategy, market positioning and financial control and strategy.

The Teams seek to implement such changes by focusing in particular on:

- *Growth Initiatives*, including expansion into new markets, the development of new products and services, and effective sales and marketing;
- *Strategic Focus*, by accounting for market dynamics and trends in order to drive product development, realign market focus, and lead business expansion initiatives, as well as developing key performance metrics;
- *Incentive Structures*, including the establishment of improved basic communication across the applicable portfolio company, together with well-aligned incentive packages, so that improved performance is vested across the portfolio company;
- *Operational Efficiency*, by focusing at an early stage on developing the capacity to handle rapid growth, creating lean operating bases, recruiting experienced professionals to manage operations, and focusing portfolio companies on profitability rather than pure revenue growth; and
- *Financial Management*, such as the establishment of professional levels of control, reporting and forecasting.

Positioning for Exit

The Teams assess likely exit routes prior to investment but, given the rapidly changing nature of markets, maintain a flexible approach to exit throughout the life of an investment. The Teams focus on building portfolio companies with professional management and strong growth prospects into market leaders in order to position portfolio companies to attract maximum interest at exit.

Material Risk Factors

Investing in portfolio companies involves a high degree of business and financial risk that can result in substantial losses. The performance of prior investments by the GEF Funds is not indicative of expected future results. Risk factors that a potential investor in a GEF Fund should consider prior to investment in a GEF Fund include, but are not limited to, the factors discussed below. These and other risk factors are described in greater detail in each Fund's PPM, which is distributed to, and should be closely reviewed by, each potential investor in a GEF Fund.

Reliance on Portfolio Company Management

Each portfolio company's day-to-day operations are the responsibility of such portfolio company's management team. Although GEF is responsible for monitoring the performance of each investment, there can be no assurance that the management team, or any successor, will be able to manage and operate each portfolio company in accordance with the Fund's plans.

Portfolio companies may lack experienced management as well as a strong board of directors. If the portfolio companies in which a Fund invests are not able to retain managers with sufficient



business experience and skills, these companies may not be successful, and returns to investors may be adversely impacted. In addition, a portfolio company's operation and strategic direction may be highly dependent on its founder or other executive leadership. The occurrence of an unexpected event that deprives a portfolio company of such leaders may have an adverse effect on the portfolio company and, in turn, on the value of the Fund's investment therein.

Illiquid and Long-Term Investments

Although a Fund's investments in its portfolio companies may occasionally generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur upon the partial or complete disposition of such investment. While an investment may be disposed of at any time, it is not generally expected that this will occur for a number of years after the investment is made.

Publicly Traded Investments

A Fund may invest a portion of its total assets in publicly traded securities. A Fund's investments in securities of publicly traded companies may be sensitive to movements in the relevant stock market and trends in the overall economy.

Minority or Joint Venture Investments

Each Fund may hold a minority interest in certain portfolio companies and, therefore, may have a limited ability to protect its position against adverse decisions taken by the majority interest holders.

A Fund may pursue investments with strategic investors or joint venturers. Such investments may involve risks in connection with such third-party involvement, including the possibility that a co-investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives. In addition, the Fund may in certain circumstances be liable for the actions of a third party investor.

Natural Disasters or Other Events

Upon the occurrence of a natural disaster such as fire, flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest, the impacted country may not efficiently and quickly recover from such event, which can have a materially adverse effect on portfolio companies and other developing economic enterprises in such country.

Technology-Related Investments

A Fund may invest in companies in rapidly changing high-technology fields. The technology industry is characterized by rapid change, evidenced by rapidly changing market conditions and participants, new competing products and improvements in existing products. For example, technologies for the production of energy from renewable sources are evolving and typically becoming more complex. Portfolio companies may not be able to adjust effectively to changes in technology and research and development requirements. In addition, energy and environmental technology companies may face special risks of product obsolescence. Products sold by portfolio



companies may be rendered obsolete or adversely affected by competing products or be adversely affected by other challenges inherent in the sector. The valuation of such companies may be disproportionately influenced by the companies' intellectual property assets, the value of which can be difficult to estimate. Such intellectual property may be subject to litigation that could adversely impact its value.

Forestry-Related Investments

Forestry-related investments are particularly susceptible to the supply and demand for wood and wood-derived products. Natural causes such as fire, insect, infestation, severe weather and other causes may have an impact on the timing of harvests, or reduce the volume and value of timber. Operating revenues from forestry portfolio companies may depend on prevailing market prices for wood products, which can fluctuate unpredictably. The extent and use of alternative building materials, such as steel, plastics and composite materials may also affect the supply and demand for wood.

Investments Outside the United States, Specifically in Emerging Market Economies

A Fund may invest in portfolio companies located or operating principally outside the United States, specifically in emerging market economies. Such investments may involve risks and special considerations unique to emerging economies. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation, (ii) social, economic and political uncertainty, including war and revolution, (iii) dependence on exports and the corresponding importance of international trade, (iv) price fluctuations, market volatility, less liquidity and smaller capitalization of securities markets, (v) currency risks, including exchange rate fluctuations, devaluation and the costs of currency conversions, (vi) rates of inflation, (vii) controls on, and changes in controls on, foreign investment, limitations on repatriation of invested capital, proceeds from the sale of securities and other remittances, and on the Fund's ability to exchange local currencies for U.S. dollars, (viii) governmental involvement in and control over such non-U.S. economies, (ix) governmental decisions to discontinue support of economic reform programs generally and impose centrally planned economies, (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers, (xi) less extensive regulation of the securities markets, (xii) longer settlement periods for securities transactions, (xiii) less developed corporate laws regarding fiduciary duties and the protection of investors, and (xiv) adverse effects of local withholding and foreign tax requirements on repatriation of income from and investments in entities that are organized or domiciled in non-U.S. jurisdictions.

ITEM 9: DISCIPLINARY INFORMATION

Neither GEF nor its employees have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.



ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

GEF controls all of the general partners and other similar entities of the Funds. In furtherance of its investment strategy, GEF's employees, or other persons acting on GEF's behalf, may serve as directors and officers of certain portfolio companies in which the Funds invest. In that capacity, GEF's employees or other persons acting on GEF's behalf may be required to make decisions that consider the best interests of such portfolio company over the interests of GEF's Funds.

Neither GEF nor any of its management personnel are registered, nor have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, or as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated person thereof.

GEF engages Gregory & Plotkin, LLP, a firm that is affiliated with an owner of GEF Management Corporation, James P. Gregory. The firm is engaged for routine matters such as confidentiality agreements, engagement letters, investor suitability and basic legal service. The firm does not serve as deal counsel to any Fund. GEF anticipates continued use of Gregory & Plotkin, LLP for similar services as the responsiveness, cost competitiveness and historical knowledge of GEF's processes and procedures are valuable to GEF and the Funds. The engagement of the firm and associated costs are disclosed to each Fund's limited partner advisory board on an annual basis.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

To ensure compliance by GEF and its employees with the Act and its rules and regulations, to reflect GEF's fiduciary duty to its clients, and to avoid or mitigate any potential conflicts of interest with its clients, GEF adopted a formal code of ethics ("Code"). Annually GEF employees and other persons acting on GEF's behalf are trained to understand the Code and follow related policies and procedures, as well as certify that they have read, understand and comply with the Code. GEF's procedures require, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, and colleagues in the investment profession;
- Place the integrity of the investment profession, the interests of clients, and the interests of Adviser above one's own personal interests;
- Adhere to the fundamental standard that they should not take inappropriate advantage of their position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with GEF policy;



- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession;
- Comply with applicable provisions of the federal securities laws.

As an additional safeguard against conflicts of interest involving personal trading by GEF employees, GEF maintains a list of securities (“Restricted List”) that may not be traded by employees during a particular period of time because of possible conflicts of interest or because GEF or one or more of its employees or persons acting on its behalf may have material nonpublic information that could otherwise limit or prevent trading in that security. As a way to monitor personal trading, GEF policy also requires all of its employees and persons acting on its behalf to: 1) report personal securities transactions on at least a quarterly basis, and 2) provide GEF with a detailed summary of certain holdings, including reportable securities, (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

GEF, as part of its annual communication to each client, offers to make available a copy of its Code of Ethics on request, by contacting Brian J. Foist, Chief Financial Officer and Chief Compliance Officer (CCO), at 240-482-8900 or cco@gefcd.com.

Participation in Client Transactions

GEF provides advisory services to multiple funds in which GEF, or a related party, serves as a general partner or manager (a discussion of these Funds may be found in Items 4 and 7 above). In addition, GEF, from time to time, sponsors new Funds. If within its investment mandate, an existing Fund may invest in a new Fund. In those instances, GEF does not charge duplicate advisory fees on the existing Fund’s assets that are invested in new Funds.

GEF may recommend to a Fund, or buy or sell for a Fund, securities in which it or a related company has a material financial interest. Due to the inherent potential conflict of interest that exists should GEF effect such a transaction, GEF’s Chief Compliance Officer (CCO), who advises on conflicts of interest, reviews each transaction of this type. Also, each Fund typically has an investment committee or advisory board that also reviews potential conflict issues. Furthermore, GEF has written policies and procedures regarding these transactions, as well as how GEF allocates investment opportunities which complement the Code and are designed to insure that each Fund is treated equitably and consistent with the standards of conduct applicable in these instances.

If GEF or its employees own a security contemporaneously owned by a Fund, GEF uses internal controls, including its Code, its trading policy and the Restricted List procedures as described above, as well as transaction approval procedures described in Items 6 and 7 above, to prevent any trading that may create a conflict of interest.



ITEM 12: BROKERAGE PRACTICES

GEF has authority to determine, without obtaining the consent of a client, securities to be bought and sold, the broker or dealer used, and commission rates paid.

GEF seeks to obtain best execution for its publicly traded securities transactions, i.e., it seeks to obtain not necessarily the lowest commission rate but the best overall qualitative execution in the particular circumstances and to disclose to its Funds the process by which it selects brokers for trade execution. GEF may aggregate trades, but only if doing so is consistent with its duty to seek best execution. On at least a quarterly basis GEF reports to each Fund's Investment Committee a list of all brokerage accounts maintained.

When developing a list of approved broker-dealers to execute client trades, GEF considers the following factors:

- a broker-dealer's ability to minimize trading costs;
- a broker-dealer's level of trading expertise (for instance, whether a firm can search for and obtain liquidity to minimize market impact and accommodate unusual market conditions);
- a broker-dealer's infrastructure (such as its trading system); and
- a broker-dealer's financial condition.

When placing a particular trade with a broker-dealer, GEF explores alternative trading options, including consideration of the following factors:

- the size of the order;
- the security involved;
- the trading characteristics of the market of that security;
- the availability of other markets, market makers, or bidders/offers;
- the availability of technological aids; and
- economic access to these alternatives.

GEF presently does not utilize research, research-related products and other brokerage services on a soft dollar commission basis.

GEF does not receive referrals from broker-dealers with respect to its advisory business.

ITEM 13: REVIEW OF ACCOUNTS

Each Fund's accounts are reviewed on a monthly basis in detail by GEF's Accounting Department, including the Controller and Assistant Controller, and in detail by the Chief Financial Officer. Fund accounts are also reviewed on a quarterly basis in detail by the Accounting department, Chief Financial Officer, and the Investment Committee of each Fund.



On a quarterly basis a written, narrative report about Fund activities, an account summary, and financial statements are sent to each investor in each Fund. All investors in GEF's Funds are invited to an annual investor meeting.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Neither GEF nor its employees receive any economic benefit from any outside parties for providing investment advice to the Funds.

GEF or an affiliate may, from time to time, enter into arrangements in which third-parties will assist in the capital raising efforts of one or more of the GEF Funds in exchange for a fee (such person, a "placement agent"). The fee paid to such a placement agent may be calculated as a percentage of funds raised by the placement agent, as specifically negotiated between GEF and the placement agent and memorialized in a written agreement. These types of arrangements are disclosed in the relevant PPM and Governing Documents of each GEF Fund. GEF employees, or other persons acting on GEF's behalf who serve on the board of directors or in a similar capacity of the Funds' portfolio companies, typically are required to transfer any compensation received from a portfolio company while acting in such capacity for the Fund having an ownership interest in such portfolio company, to such Fund.

ITEM 15: CUSTODY

GEF, through its affiliates, serves as general partner or managing member to the Funds. Under the SEC's custody rule applicable to investment advisers, GEF is deemed to have custody of the assets belonging to the Funds. To comply with the SEC's custody rule, GEF's policy is (1) to ensure that it maintains client funds and securities with qualified custodians and (2) to engage an independent public accountant to perform an annual audit for its Funds, and to distribute the resulting audited financial statements, to all investors of the Funds within 120 days of the end of each fiscal year. In the case of certain Funds that are consolidated, for audit purposes, an independent public accountant performs an audit on an aggregated basis.

Clients are urged to compare the information received from GEF with information provided by independent third parties such as the independent auditor or custodian providing the same or similar information.

ITEM 16: INVESTMENT DISCRETION

GEF accepts discretionary authority to manage the assets of the Funds and observes investment limitations and restrictions that are outlined in each Fund's Governing Documents. See Item 4, Advisory Business, Services Provided.



ITEM 17: VOTING CLIENT SECURITIES

The services that GEF provides to its clients include the responsibility to monitor corporate actions, and receive and vote Fund proxies. It is GEF's policy to review each proxy statement on an individual basis and to base its voting decision exclusively on its judgment of what will best serve the financial interests of the beneficial owners of the security. On identification of a non-routine matter, including any situation presenting a potential material conflict of interest, the matter shall be referred to GEF's Chief Compliance Officer (CCO) or Chief Executive Officer. In such cases the CCO will determine whether a material conflict of interest exists and whether it is appropriate to disclose the conflict to the affected beneficial owners, to give them an opportunity to vote the proxy themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third-party voting recommendation. In every instance, resolution of the potential material conflict shall occur before the proxy is voted. GEF clients may obtain a copy of GEF's related policies and procedures statement upon request by contacting Brian J. Foist, Chief Financial Officer and Chief Compliance Officer (CCO), at 240-482-8900 or cco@globalenvironmentfund.com.

ITEM 18: FINANCIAL INFORMATION

GEF is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients. Further, GEF has not been the subject of a bankruptcy petition at any time during the past ten years.