



**GLOBAL
ENVIRONMENT
FUND®**

*Investing Private Equity for a Cleaner World since
1990*

ITEM 1: COVER PAGE

GLOBAL ENVIRONMENT FUND

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PART 2 A OF FORM ADV: FIRM BROCHURE

ANNUAL UPDATE FOR THE YEAR ENDING DECEMBER 31, 2020

MARCH 2021

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. An investment adviser's registration with the SEC does not imply a certain level of skill or training.



ITEM 2: MATERIAL CHANGES

This Brochure, dated March 30, 2021, serves as an update to the Adviser's Brochure dated March 30, 2020 and you are encouraged to review this Brochure in its entirety.

This Brochure contains routine annual updates to the prior brochure, none of which are material.



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Global Environment Fund (801-38983)

PART 2 A OF FORM ADV

ANNUAL UPDATE FOR THE YEAR ENDING DECEMBER 31, 2020

ITEM 4: ADVISORY BUSINESS

Established in 1990, GEF Management Corporation, either directly or through its relying advisers (together, “GEF” or “Global Environment Fund”), provides investment advisory services to a group of affiliated, 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, and also may provide advisory services for clients in separately managed accounts (in aggregate, the “Funds”). The general partners of the Funds are relying advisers of GEF in accordance with SEC guidance under the Advisers Act. Additionally, GEF from time to time organizes and serves as general partner (or in an analogous capacity) of certain other entities which are alternative investment vehicles established to address, for example, specific tax, legal, business, accounting or other matters that may arise in connection with one or more specific transactions of a pooled investment fund client.

These Funds generally invest in high-growth clean energy, energy efficiency and environmental solutions industries throughout the world, with the objective of achieving long-term appreciation for their investors. GEF also manages Funds that make direct investments in sustainable forest management companies, principally in Africa. Target companies for these Funds include those profiting from outstanding forest management practices, including the manufacture of environmentally certified wood products, and those that have a leading market position in a particular sector.

The principal owner of the firm is the estate of H. Jeffrey Leonard.

Services Provided

While each of GEF’s Funds may have different investment criteria, the services that GEF provides to the Funds tend to include some or all of the following: identification of potential investments, financial analysis, investment structuring, acquisition services, post-acquisition monitoring, disposition through private transactions or public markets, back-office administration, investor relations, and other services. GEF may serve as the investment adviser or general partner to the Funds in order to provide such services, or it may do so through one or more of its affiliates or relying advisors.

Each Fund generally invests in companies offering products and services that are enabling the next generation of resource efficiency and management. GEF uses two lenses to filter such investments. The first is a financial lens – GEF seeks to partner with leading companies in markets where business growth can result in significant financial returns for its investors. The second is an



environmental impact lens – GEF seeks to make investments where capital can result in a measurable positive impact from an environmental perspective.

The specific investment 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 or analogous organizational document and/or side letters (“Governing Documents”). In certain instances, Funds may be established only to make co-investments alongside other Funds (“Co-Investment Funds”). Each investment strategy is led by a team of investment professionals (“Team”), who provide certain of the investment services described above, and other GEF personnel, who provide services and support to all of GEF’s Funds. Investment advice is provided directly to the Funds and not individually to the investors in the Funds.

Investment restrictions for the Funds, if any, are generally established in the Governing Documents. The terms of the investment advisory services to be provided to a Fund, including any limitations on investments in certain types of securities, are established by GEF as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund’s Governing Documents and other documentation received by each investor prior to investment in such Fund. Limitations may vary from Fund to Fund, and may relate to geography, diversification and concentration, investment type (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), and other matters. Such limitations differ meaningfully from one Fund to another, based on, among other things, the investment strategy of such Fund. Once invested in a Fund, unless otherwise set forth in the Governing Documents, investors cannot subsequently impose restrictions on the types of securities in which such Fund may invest.

The Funds are exempt from registration as “investment companies” under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the regulations promulgated thereunder. Interests in the Funds are offered only to qualified investors satisfying the applicable eligibility and suitability requirements in private placement transactions globally. Investors in the Funds are typically institutional investors and eligible high-net-worth individuals. The relationship between GEF and each Fund is governed by the Investment Advisers Act of 1940, as amended (the “Advisers Act”) as well as the governing documents of each Fund and the terms of investment advisory agreements concluded between GEF and each Fund.

Wrap Fee Programs

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

Client Assets

GEF manages approximately \$669 million of client assets as of December 31, 2020, all on a discretionary basis.



ITEM 5: FEES AND COMPENSATION

GEF receives management fees and carried interest in connection with providing investment advisory services to the Funds. Fees are initially described in each Fund's PPM, and subsequently are detailed in each Fund's Governing Documents. Fees are negotiable at the sole discretion of GEF prior to entering into such agreements. Sometimes, a percentage of other fees payable to GEF may reduce the Annual Fee owed by a Fund to GEF. Investors in the Funds also bear certain Fund expenses as further described below. Employees of GEF and its relying advisors who are investors in Funds generally do not pay these fees, or the amount of such fees may be substantially reduced.

With respect to Co-Investment Funds, any fees received by GEF are generally negotiated at the time of formation of such Co-Investment Fund, but may include commitment-based fees, management fees, performance-based fees or allocations, expense reimbursements, or other administrative fees similar to those described below relating to the Funds. In certain cases, fees charged to Co-Investment Funds may be substantially reduced.

Management Fees

GEF is generally compensated for its advisory services through an annual fee, payable quarterly in advance until the termination of the respective Fund, based on a percentage of each Fund's assets under management that is usually deducted from a Fund's assets (the "Annual Fee"). Annual Fees range from 1.0% to 2.0% per annum ("Annual Fee Percentage"). Typically, the Annual Fee is calculated during the initial period of a Fund's lifecycle by determining such Fund's committed capital and multiplying such amount by the Annual Fee Percentage. Subsequently, such Fund's Annual Fee is usually determined by multiplying the capital invested by such Fund by the Annual Fee Percentage.

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 Advisers Act governs the relationship between GEF and the respective Fund.

Carried Interest

In addition, GEF is generally compensated with a participation in profits from Funds (the "Carried Interest Fee") that is typically 20% after meeting certain thresholds, but in certain cases, such as for Co-Investment Funds or other unique circumstances, may be higher or lower. The Carried Interest Fee is typically payable only after a Fund's investors have been repaid their invested capital and a priority return on that capital. The Carried Interest Fee is also deducted from a Fund's assets.



Other Fees and Expenses

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. Each Fund generally bears the offering and organizational expenses incurred in connection with its organization, including any related legal, accounting, regulatory, travel, or other expenses, subject to a cap set forth in the Fund's Governing Documents.

On an ongoing basis, the Fund will pay all expenses relating to its operation and proposed or actual investments, to the extent not otherwise paid by portfolio companies. These expenses may include legal, accounting, administration, investment structuring, investment banking, consulting, research, brokerage, custody, transfer, registration, insurance, indemnification, litigation, limited partner advisory committee, interest, taxes, investment-related travel costs (including for prospective, consummated and unconsummated transactions), interest on fees and expenses arising out of all borrowings made by such Fund, regulatory, other governmental, extraordinary expense and other similar fees and expenses. Subject to its Governing Documents, the Fund generally will bear all sourcing and diligence expenses incurred with respect to the pursuit of particular investments that are never actually consummated. Examples of such "broken deal" expenses include fees and expenses of any legal, financial, accounting, consulting, or other advisors, and any travel and accommodation expenses. All of such expenses generally are borne *pro rata* by investors in the applicable Fund. The expenses described do not include every possible expense a Fund may incur. Investors should review the applicable Governing Documents and PPM for further details. Funds are not responsible, however, for GEF's expenses in connection with maintaining and operating its offices and certain other aspects of GEF's advisory business (*e.g.*, expenses for employee compensation, rent, utilities, general office expenses, general publication and research subscriptions that are not deal-specific, information technology services, and accounting expenses incurred solely for GEF).

In addition to the Annual Fee and Carried Interest Fee, GEF and its affiliates may receive monitoring fees, transaction fees, or other similar fees as more fully specified in a Fund's Governing Documents. Such fees may or may not offset management fees, depending upon the Fund's Governing Documents. GEF may have a conflict of interest to the extent, for example, it is incentivized to make an investment to earn a transaction fee or provide a service to a particular portfolio company to earn a director or monitoring fee. However, this potential conflict of interest is mitigated by the management fee offset mechanic described and the substantial equity commitment by GEF and its principals in each of the Funds.

As a private equity fund adviser, GEF does not frequently engage the services of brokers on behalf of clients for the sale of publicly-traded securities. 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 and its personnel typically participate in the profits of each Fund in the form of the Carried Interest Fee, as described above. A significant portion of the long-term compensation of GEF's employees and other personnel may be derived from the Carried Interest Fee. As such, both GEF and GEF's employees and other personnel may be incentivized to make investments that are more speculative than would be the case in the absence of such compensation, and such conflict may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

GEF has designed and implemented procedures to mitigate these risks. In order to address the possibility of taking on investments that would be more speculative than what might be pursued absent the Carried Interest Fee, GEF has established and implemented a rigorous transaction approval process culminating in the approval of each investment and disposition by each Fund's investment committee. This process is one that is not static in nature, but instead is routinely evaluated, monitored, and updated as needed to continue to ensure that investment decisions are appropriate for GEF Funds. In addition, GEF, its affiliates, and in some cases employees also invest in many of its Funds, which further aligns GEF's interests with those of the Funds.

Regarding risks associated with allocating opportunities to higher paying fee accounts over other accounts, and to prevent this conflict of interest from influencing such allocations, GEF has sought to establish Funds having specific investment strategies and terms 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 the GEF 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 Funds, as noted above. Investors participating in Funds may include individuals, banks or thrift institutions, sovereign wealth funds, pension and profit-sharing plans, trusts, estates, charitable organizations or other corporations or business entities and also may include, directly or indirectly, principals or other employees, shareholders or affiliates of GEF. Each Fund has a minimum commitment amount for prospective investors, typically \$5 million, unless waived by GEF. GEF also offers, from time to time, investment opportunities to qualified professional investment personnel. Fund interests are offered and sold generally to investors that are (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended and (ii) "qualified clients" as defined under the Advisers Act or other "knowledgeable employees" of GEF.



Certain investors in the Funds have negotiated additional provisions related to their particular investment criteria or needs in a side letter agreement (“Side Letter”) 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, waiving or reducing fees, the ability to opt-out of certain investments or appointing a representative to the limited partner 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

In general, GEF seeks to implement a consistent investment strategy across its Funds, characterized by several key attributes as highlighted below. However, notwithstanding these common characteristics, GEF tailors this process to incorporate specific methods of analysis and strategy that take into consideration not only the skills and capabilities of the investment team members primarily responsible for overseeing a particular Fund’s investment program, but also the applicable Fund’s investment objective as described in the PPM and Governing Documents for such Fund.

In addition, certain Funds have specific risks that while potentially more typically associated with such Fund or the investment strategy which it has implemented, are nevertheless worth noting here due to their relative importance.

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

GEF 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, GEF also receives deal flow through relationships with 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.

In addition to the sector and value chain analyses described above, GEF also considers other criteria when evaluating a prospective investment opportunity. To the extent applicable for a particular investment by a Fund, these factors may include ones such as the quality of the management team and its background and experience; the location of existing and future business opportunities; competitive landscape for the business; competition to complete the applicable



investment; the ability to finance an investment in or acquisition of the company or asset; probability of closing; the ability to enhance value through growth and other business initiatives; the opportunities for exiting the business; expected return on investment in relation to target returns; and consistency with either GEF's or the applicable Fund's environmental, social and governance policies. Considering these and other factors allows GEF to more fully evaluate whether a particular investment is suitable for a Fund.

Due Diligence and Execution

GEF subjects prospective portfolio companies to a thorough due diligence process that in addition to the due diligence conducted directly by GEF employees and other personnel, will often include, at the applicable Fund's expense, outside third party advisors having suitable legal, financial, tax, accounting, market, industry, sector, operational or investigatory expertise. GEF seeks to identify on behalf of the Funds not only the potential for growth and value creation, but also the challenges to achieving that potential.

GEF's decision-making process includes input from the investment team responsible for overseeing a particular Fund's investment program as well as any other relevant GEF employees and personnel before being presented for final approval to a Fund's investment committee. Preliminary and final investment recommendations are presented to the respective Fund's investment committee for evaluation, and if appropriate, approval. During the due diligence process, GEF also engages outside industry professionals to seek recommended transaction structures that satisfy the applicable requirements of a Fund and its investors.

Active Management to Drive Transformational Change

GEF generally seeks to become actively involved in its Funds' investments in order to seek the sort of rapid and transformational changes that GEF often believes are possible for its Funds' investments. For each portfolio company of each of the Funds, GEF 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. GEF expects to drive extensive changes in, among other matters, corporate governance, operational infrastructure, strategic positioning, international strategy, market positioning, and financial control and strategy.

GEF seeks to implement these 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

GEF seeks to 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. GEF focuses 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. Investing in complex financial instruments may entail the loss of an investor's entire investment, which the investor must be willing to bear. In addition, there will be occasions when GEF and its affiliates may encounter potential conflicts of interest in connection with a Fund. 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-sponsored Fund. Some of the risk factors that a potential investor in any GEF Fund should consider prior to investment are discussed below.

Prior Investment Performance Not Indicative of Future Results

The prior investment performance of GEF and its Funds does not necessarily represent the performance of an investment program pursued by any one Fund, or all of them, nor is such performance indicative of the future results of any Fund or Funds. There can be no assurance that the historical investment returns achieved by a Fund or Funds will be achieved in the future, and such performance may be materially different. Prior performance and track records should be considered with particular caution in light of the recent and ongoing volatility and turbulence in the U.S. and global economies. When considering statements in the offering documents of a GEF Fund regarding actual or projected returns on investments made by a Fund, potential investors should note that (i) the mix of assets invested in by earlier Funds currently and in the past may differ from the mix of assets in which another Fund may invest, so the returns may be different as well, and (ii) the actual and projected returns in many cases reflect projected cash flows from or projected valuations of investments made by a Fund or Funds that have not been fully realized and which are accordingly inherently uncertain.

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.



Investment in Junior Securities

A Fund's investments will consist primarily of securities issued by privately held companies, and operating results in a specific period will be difficult to predict. Generally, there will be no readily available market for a substantial number of a Fund's investments and, consequently, most of a Fund's investments will be difficult to value. Also, securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. In general, there will be no collateral to protect an investment once 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.

Concentration of Investments

A Fund will typically participate in a limited number of investments and intend to make most of its investments in one or a limited number of industries or industry segments. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and be even less diversified.

Lack of Sufficient Investment Opportunities

The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, investors in a Fund will be required to pay annual management fees during the commitment period based on the entire amount of their commitments, as described in Item 5.

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.

Projections

Projected operating results of a portfolio company in which a Fund invests may be based on financial projections prepared by the company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes

There has recently been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of a Fund to achieve its investment objectives.

Additionally, there have been recent legislative proposals to treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for United States federal income tax purposes. Enactment of any such legislation, whether during or after the initial closing of a Fund, could adversely affect GEF, its employees or other personnel who were or may in the future be granted direct or indirect interests in the partnerships entitling such persons to benefit from carried interest. This may reduce such persons' after-tax returns from a Fund and its affiliates, which could make it more difficult for GEF and its affiliates to incentivize, attract and retain individuals to perform services for a Fund.

Need for Follow-On Investments

Following an initial investment in a given portfolio company, a Fund may decide to provide additional funds to the portfolio company or may have the opportunity to increase its investment in the company. There is no assurance that a Fund will make a follow-on investment or that a Fund will have sufficient funds to do so. Any decision by a Fund not to make a follow-on investment or its inability to do so may have a substantially negative affect on a portfolio company or the Fund.

Investments made by a Fund to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of any new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may



participate in re-levering and recapitalization transactions involving a portfolio company in which another Fund has already invested or will invest. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Furthermore, the decision as to whether a Fund should make a particular follow-on investment, or whether the follow-on investment will be shared in the same proportion as the original investment, may differ from the decision regarding the initial purchase due to a changed determination on this issue by GEF, and investments made by a Fund towards the end of its investment period may be structured so that another Fund can make an anticipated follow-on investment. There is no assurance that any Fund will make a follow-on investment or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make a follow-on investment or its inability to make such investment may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for such Fund to increase its participation in a successful operation.

Bridge Financings

From time to time, a Fund may lend to portfolio companies on a short-term, secured or unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing. Such bridge loans would typically be convertible into a more permanent, long-term security. However, for reasons not always in a Fund's control, the issuance of long-term securities or other refinancing may not occur and the bridge loans may remain outstanding. If so, the interest rate on those loans may not adequately reflect the risk associated with the unsecured position taken by a Fund.

Failure to Make Capital Contributions

If an investor in a Fund defaults on its obligations to contribute capital to a Fund when due, and the contributions made by non-defaulting limited partners and borrowings by a Fund, if any, are inadequate to cover such defaulted capital contribution, a Fund may be unable to consummate an investment on a timely basis (if at all) or pay its obligations when due, and its ability to execute on its investment strategy or to otherwise continue operations may be impaired. As a result, a Fund may be subjected to significant penalties (or other adverse conditions) that could affect the returns to a Fund (including its non-defaulting investors) in a materially adverse manner. A default by a substantial number of limited partners would limit opportunities for investment diversification and would likely negatively affect a Fund's economic results.

Dilution

Investors admitted to a Fund at subsequent closings will participate in then-existing investments of a Fund, thereby diluting the interest of existing investors in a Fund. Although a new investor will be required to contribute its pro rata share of previously made capital contributions, there can



be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

Director Liability

A Fund will often obtain the right to appoint one or more representative to the board of directors (or other similar governing body) of a portfolio company. Serving on the board of directors of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance for this possible liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from this liability.

Limited Partner Advisory Committee

GEF or its affiliates will appoint one or more investor representatives to an advisory committee on behalf of a Fund. A Fund's Governing Documents are expected to provide that to the fullest extent permitted by applicable law, neither GEF nor its affiliates would owe a fiduciary or other duty to the Fund or any investor in the Fund, other than to act in good faith or as otherwise required by law. In addition, representatives on the committee may have various business and other relationships with GEF and its partners, employees, and affiliates or other third parties that may influence their decisions as members of the committee.

Contingent Liabilities on Disposition of Investments

In connection with the disposition of an investment, a Fund may be required to make representations and warranties about the business and financial affairs of a portfolio company and/or its assets typical of those made in connection with the sale of a business or assets. A Fund also may be required to indemnify the purchasers of an investment to the extent that any such representation and warranty is inaccurate. These arrangements may result in the occurrence of contingent liabilities for which GEF, on behalf of a Fund, may need to establish reserves or escrows. Investors in a Fund may be required to return amounts distributed to them to fund such obligations.

Broken Deal Expenses

Investments often require extensive due diligence activities and sometimes regulatory approval prior to acquisition. Due diligence may entail market and customer studies, legal and environmental reviews, tax and financial analyses, and other undertakings, all of which require significant third party expenses. In the event that an investment is not consummated, a Fund may bear some or all of these third-party expenses and any termination fees.

Carried Interest

The fact that GEF's Carried Interest Fee is based on a percentage of profits may create an incentive for GEF to cause a Fund to make riskier or more speculative investments than otherwise would be the case.



Side Letters

As described above, a Fund may enter into a Side Letter with certain investors. These Side Letters provide investors with customized terms, which results in preferential treatment with respect to, among other things: the fee structure, including reduced Annual Fees; (ii) the ability to opt-out of certain types of investments; (iii) the reporting obligations; (iv) the offering of co-investment opportunities; (vi) the ability to appoint a representative to the limited partner advisory committee, or (v) any other terms, whether economic, procedural or otherwise.

Co-Investment Opportunities

As described above, there may be circumstances where an amount that otherwise could have been invested by a particular Fund is instead allocated to one or more co-investors. There is no guarantee that investors will be offered any co-investment opportunities, including circumstances where other investors, included investors in the same Fund are offered a co-investment opportunity. Third parties that do not have an interest in the Fund may also be offered co-investment opportunities. Each co-investment opportunity is likely to be different and the allocation of each opportunity will be made in GEF's discretion, subject to any Governing Documents and allocation procedures as described above, and will depend on specific facts and circumstances, including timing, size, geography, anticipated holding period and exit strategy.

Operating Partners

GEF or its affiliates may engage or retain advisors, consultants and operations professionals to assist its investment teams with deal sourcing, industry insight or due diligence, offer financial and structuring advice, join a portfolio company's board of directors, or other services for Funds, their affiliates, or their respective portfolio companies ("Operating Partners"). Operating Partners may, in accordance with a Fund's Governing Documents, be compensated by the Fund or by the portfolio company as an expense of the Fund.

Relationships with Service Providers and Former Employees

Former personnel or executives of GEF or its affiliates may serve in significant management roles at service providers recommended by GEF. Certain of these persons will invest (or will be affiliated with an investor) in, engage in transactions with, or provide services (including services at reduced rates), to GEF or its affiliates or the Funds or other investment vehicles they advise. In such a case, GEF will have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide GEF information about markets and industries in which GEF operates, or will provide other services that are beneficial to GEF. GEF will have a conflict of interest in making such recommendations, in that GEF has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.



Other Private Equity Vehicles.

GEF's principals, employees, or Operating Partners invest in other private equity investment vehicles managed by other advisers. In some cases, GEF, its affiliates, or the Funds may purchase portfolio companies that are owned by such other investment vehicles, which may indirectly benefit any such principals, employees, or Operating Partners.

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 these companies may be disproportionately influenced by the companies' intellectual property assets, the value of which can be difficult to estimate. Intellectual property may be subject to litigation that could adversely impact its value.

Cybersecurity

Security breaches and other disruptions of information and technology networks could compromise information and intellectual property and expose GEF, its affiliates, Funds and their portfolio companies to liability, reputational harm and significant regulatory investigation and remediation costs. For example, in the ordinary course of business, GEF collects and stores sensitive data, including proprietary business information and intellectual property, and personal information of employees, clients, investors and other natural persons, in data centers and on networks. The secure processing, maintenance and transmission of this information are critical to operations. Although GEF takes various measures and has made, and will continue to make, significant investments to ensure the integrity of information systems and to safeguard against such failures or security breaches, there can be no assurance that these measures and investments will provide adequate protection. Despite security measures, information technology networks may be vulnerable to attacks by third parties or breached due to employee error, malfeasance or other disruptions.

GEF may use service providers to hold its financial or investor data. While our service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents as described above, there are inherent limitations to such plans and systems including the possibility that certain risks have not been identified. Furthermore, neither GEF nor the Funds can control the cybersecurity plans and systems put in place by its service providers or any other third party whose operations may affect us or a Fund.



Renewable Energy

A Fund may make investments in renewable energy businesses. The market for renewable energy is emerging and rapidly evolving, and its future success is uncertain. If renewable energy technology proves unsuitable for widespread commercial deployment, or if the demand for renewable energy products fails to develop sufficiently (including, without limitation, as a result of changes in market conditions, such as a decrease in the price of fossil fuels), a Fund's investment in renewable energy may be adversely affected. While renewable energy currently has support from U.S. federal, state and local governments and regulatory agencies, as well as many international governmental entities and regulatory organizations, there is no assurance that such support will continue in the future and any reduction or elimination of support may have an adverse effect on a Fund's investments.

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.

Adequacy and Availability of Insurance

While a Fund may intend to use insurance and other risk management products (to the extent available on commercially reasonable terms) when making an investment in order to mitigate the potential loss resulting from a catastrophic event, this may not always be practicable or feasible, particularly in certain international markets. Moreover, it will not be possible to insure against all such risks, and insurance proceeds may be inadequate to completely or even partially cover a loss.

Investments Outside the United States, Specifically in Emerging Market Economies

Certain of the Funds focus their investment programs on portfolio companies located or operating principally outside the United States, specifically in emerging market economies. These investments may involve risks and special considerations unique to emerging economies. These 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.



Corruption and Security

Crime and corruption (including extortion and fraud) continue to be operational risks in many emerging market economies in which the Funds make investments. In certain countries, the threat of kidnapping for senior executives can create additional costs, which will be borne by the applicable Fund or the local portfolio company, for the provision of adequate security for company personnel or other personnel monitoring the portfolio company. Threats or incidents of crime and corruption may force GEF to cease or alter certain activities or to liquidate certain investments, which may cause losses or have other negative impacts on a Fund or its investments.

Uncertain Economic and Political Environment

The current global economic and political climate can be uncertain. Prior acts of terrorism, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn. The availability of credit for consumers, homeowners, and businesses, including credit used to acquire businesses, may be restricted. This may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute its respective strategy or to receive an attractive price upon sale. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

Anti-Corruption Laws and Regulations

Conducting business on a worldwide basis requires a Fund’s portfolio companies to comply with the laws and regulations of the U.S. government and various international jurisdictions, and their failure to so comply may expose both the portfolio company and a Fund which may have an investment in the portfolio company to liability. These laws and regulations may apply to companies, individual directors, officers, employees and agents, and may restrict a Fund’s portfolio companies’ operations, trade practices, investment decisions and partnering activities. In particular, a Fund’s international portfolio companies are subject to U.S. and foreign anti-corruption laws and regulations, such as the Foreign Corrupt Practices Act (“FCPA”) and the U.K. Bribery Act 2010 (the “Bribery Act”). In particular, the FCPA prohibits U.S. companies and their officers, directors, employees and agents acting on their behalf from corruptly offering, promising, authorizing or providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately and fairly reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. As part of its business, a Fund’s portfolio company may be expected to deal with state-owned enterprises, the employees and representatives of which may be considered foreign officials for purposes of the FCPA. The Bribery Act contains similar restrictions. In addition, some of the international locations in which a Fund's portfolio companies operate may lack a developed legal system and have elevated levels of corruption. As a result of the above activities, a Fund’s portfolio companies may be exposed to the risk of violating anti-corruption laws. Violations of these legal requirements are punishable by criminal fines and imprisonment, civil penalties, disgorgement of profits, injunctions, debarment from government contracts as well as other remedial measures. A



portfolio company's employees, subcontractors, and agents could take actions that violate these requirements, which could adversely affect a Fund's and/or its portfolio companies' reputation, business, financial condition and results of operations.

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 Management Corporation and its affiliates control the Funds' general partners that are also investment advisers registered in accordance with SEC guidance under the Advisers Act pursuant to this registration of GEF Management Corporation. These affiliated investment advisers operate as a single advisory business together with GEF Management Corporation and serve as managers or general partners of private investment funds, and share common owners, officers, partners, employees, consultants or persons occupying similar positions. GEF Management Corporation and the general partners are under common control and subject to GEF Management Corporation's Code and compliance programs adopted pursuant to the requirements of the Advisers Act.

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 the 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 on an occasional basis James P. Gregory, an attorney-at-law who has an ownership interest in GEF Management Corporation for routine matters for GEF, its affiliates, and the Funds. GEF's use of Mr. Gregory's services is limited presently and GEF anticipates its use of Mr. Gregory's services to be only ancillary in the future as well.



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 Advisers 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"). GEF's Chief Compliance Officer annually reviews the Code and updates sections as appropriate, from time to time. 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 the 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; and
- 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.

The Code additionally places restrictions on supervised persons' outside activities, requiring them to pre-clear certain activities which could potentially pose a conflict to, or the appearance of an undue attempt to garner influence or favor on behalf of, GEF or its Funds. In addition, GEF monitors gifts and entertainment both received and given by its supervised persons, requiring reporting over a threshold of \$500 for gifts.



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 Katie Vasilescu, Chief Compliance Officer, at 571-331-0374 or kvasilescu@gefdc.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. As an example, GEF may recommend that a Fund participate in a secondary sale, or purchase an investor's interest in another Fund. Due to the inherent potential conflict of interest that exists should GEF effect such a transaction, GEF's Chief Compliance Officer, who advises on conflicts of interest, reviews each transaction of this type. Also, each Fund typically has an investment committee or limited partner advisory committee 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 does not regularly or frequently trade public securities. However, in such a case 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 most favorable net price, taking into account all reasonably relevant circumstances, and with a view to the maximization of value, broadly, of the Fund on behalf of which the trade is made. In addition, GEF will 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 seeking best execution. GEF's professionals routinely review the accounts of its Funds and their underlying portfolio investments. Additionally, on a quarterly basis the valuation committee for each Fund reviews and approves the valuation and performance of the Fund. If relevant, an investment committee for each Fund reviews these valuations and performance.



GEF presently does not utilize research, research-related products, and other brokerage services on a soft dollar commission basis, nor does GEF receive referrals from broker-dealers with respect to its advisory business.

ITEM 13: REVIEW OF ACCOUNTS

GEF's professionals routinely review the accounts of its Funds and their underlying portfolio investments. GEF reviews financial performance, exit strategy, operations, and management during its routine reviews. Additionally, GEF's professionals review each quarter the valuation and performance of the Funds, and a valuation committee approves all final valuations reported to investors.

There are no specific triggers to launch a portfolio review on a non-periodic basis.

If in accordance with the applicable Governing Document of each Fund, GEF delivers to the investors of each Fund written quarterly financial statements and annual statements, which annual statements are audited by an independent auditor and prepared in accordance with GAAP. Also, during a Fund's term, a narrative report about Fund activities is sent to each investor in each Fund, typically on a quarterly basis. For Funds that hold an annual meeting, each investor is invited to attend. In addition to the information provided to all investors, GEF may provide certain investors with additional information or more frequent reports upon request.

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 Funds in exchange for a fee (such person, a "placement agent"). The fee paid to 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 or Governing Documents of each GEF Fund, where applicable. 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 the 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 is referred to GEF's Chief Compliance Officer (CCO). 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 occurs before the proxy is voted. GEF clients may obtain a copy of GEF's related policies and procedures statement upon request by contacting Katie Vasilescu, Chief Compliance Officer, at 571-331-0374 or kvasilescu@gefcd.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.