

ITEM 1 COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

NAVY CAPITAL GREEN MANAGEMENT, LLC

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Navy Capital Green Management, LLC (“Navy”, the “Firm”, “we”, “us”, and similar terms). If you have any questions about the contents of this Brochure, please contact us at (646) 916-4870 or kevinm@navycapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Navy also is available on the SEC’s website at www.adviserinfo.sec.gov. The information contained herein is accurate as of the date hereof and is subject to change.

Navy is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2 MATERIAL CHANGES

Navy last filed an annual update to this Brochure in March 2022 and has not updated this Brochure since that annual update. While this update to the Brochure contains changes and updates to certain information, Navy does not believe that they constitute material changes to the Brochure filed in conjunction with Navy's last annual updating amendment.

Navy recommends that you read this Brochure in its entirety. If Navy makes any material changes to this Brochure, this item will be revised to include a summary of such changes.

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ITEM 4 ADVISORY BUSINESS

General Description of Navy

Navy, a New York limited liability company, which commenced operations in April 2017, is an investment adviser to private investment funds. The principal owners of Navy are Sean Stiefel, John Kaden and Chetan Gulati. Navy has been registered with the SEC since April 2019.

Navy provides investment advisory services on a discretionary basis to the following domestic and offshore private investment funds (each, a “Fund” and collectively the “Funds”):

- Navy Capital Green Fund, LP, a Delaware limited partnership (the “Green Fund”)
- Navy Capital Green International Ltd., a Cayman Islands exempted company with limited liability (the “Offshore Fund”)
- Navy Capital Green Co-Invest Fund, LLC, a Delaware series limited liability company (the “Co-Invest Fund”)
- Navy Capital Green Holdings, LLC, a Delaware limited liability company (the “Holdings, LLC”)

The Green Fund serves as the master fund to the Offshore Fund and may in the future serve as the master fund to one or more other feeder funds for which Navy (or an affiliate) serves as investment manager. The primary investment objective of the Green Fund is to compound capital at a superior rate with prudence over time by investing in the emerging secular growth opportunity presented by the global legalization, proliferation, and evolution of medical and/or adult-use cannabis.

The Co-Invest Fund operates as a co-investment vehicle alongside the Green Fund and is utilized to offer investors in the Green Fund and other investors the opportunity to increase their allocation to certain investments in the Green Fund.

Holdings, LLC is a special purpose vehicle for holding and liquidating certain illiquid investments granted to Holdings, LLC by the Green Fund.

Notwithstanding the foregoing, subject to any limitations in the governing documents of the Funds, Navy is not limited with respect to the types of investments in which it may invest.

Navy has and may in the future provide discretionary or non-discretionary advisory services, either directly or in a sub-advisory capacity, to other investment funds or separately managed accounts. The Funds and any separately managed accounts advised by Navy from time to time are referred to collectively herein as “Clients”.

Navy advises each Fund in an attempt to achieve the Funds’ investment objectives (consistent with any guidelines and/or restrictions that may be imposed thereon) and does not tailor its advice to the individual needs of any investor in such Fund. Fund investors are not clients of Navy by virtue of their ownership in such Funds (and do not enter into investment management agreements with Navy) and therefore generally may not impose any restrictions on the way in which Navy provides advice. Navy’s management of each Fund is subject to the terms of its investment management agreement with the applicable Fund (the “Investment Management Agreement”).

The information contained in this Brochure is qualified in its entirety by reference to disclosures made in each Funds’ offering memorandum, limited partnership agreement, operating agreement, memorandum and articles of association and/or subscription agreement as applicable (collectively, the “Governing Documents”), which should be carefully reviewed prior to making an investment decision. In no event

should this Brochure be considered an offer to sell or a solicitation to buy interests in any Fund or relied upon in determining to invest in any such Fund. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Regulation D, “qualified purchasers” as defined in the Investment Company Act, or non-”U.S. Persons” as defined in Regulation S. This Brochure is designed to provide general disclosure about Navy’s advisory business for the purpose of compliance with certain regulatory obligations under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and, as such, may differ from (and does not necessarily include all) the information provided in a Fund’s offering memorandum and other related Governing Documents.

Wrap Fee Programs

Navy does not currently participate in wrap fee programs.

Regulatory Assets Under Management

As of December 31, 2022, Navy managed, on a discretionary basis, approximately \$153,863,229 of regulatory assets under management.

ITEM 5 FEES AND COMPENSATION

Navy, either directly or indirectly through an affiliate, receives management fees and incentive allocations in connection with the management of the Funds. The fees and allocations applicable to the Funds are set forth in the relevant Investment Management Agreement and/or each applicable Fund's Governing Documents. A brief summary of such fees is provided below.

Management Fee

Investors in the Funds generally pay Navy a management fee that ranges between 1% and 2% per annum (the "Management Fee") of each Fund investor's capital account balance as of the beginning of the month. With respect to investors in certain Funds who have made a full withdrawal of their capital account and whose only remaining interest in such Fund is in one or more "Special Situation Sub-Account(s)", the Management Fee would be reduced to 0.25% per annum of the "Book Values" of such "Special Situation Sub-Account(s)" as of the first anniversary of such Fund investor's effective withdrawal date. With respect to the Co-Invest Fund, Management Fees are based on capital commitments and are charged in arrears on an annual basis and/or are payable out of the distribution proceeds of a portfolio investment.

Incentive Allocation

Navy and/or its affiliates will be entitled to receive an incentive allocation (the "Incentive Allocation") of up to 20% of net profits (including realized and unrealized gains), after deducting Management Fees and after making up for any losses carried forward from prior period(s). The timing of such Incentive Allocation varies depending on the Fund and, within particular Funds, on the terms of each class of interest or shares of such Fund, as set forth in the relevant Fund's Governing Documents. See Item 6 for further discussion regarding performance-based compensation.

Investors in Holdings, LLC are not charged a Management Fee or an Incentive Allocation.

Navy and/or its affiliates occasionally enters into side letter agreements with certain investors in the Funds which provide certain investors with additional and/or different rights than the other investors in such Fund (including but not limited to reduced fees, access to information, minimum investment amounts and liquidity terms).

Navy reserves the right to waive, reduce, rebate, or calculate differently the Management Fee and/or Incentive Allocation with respect to any investor in a Fund or with respect to certain Clients, including, without limitation, the current or former Navy principals and employees and their family members and any other entity organized or formed by any of the foregoing for tax, estate planning or charitable purposes. Navy typically deducts its fees directly from the Clients' accounts.

Expenses

In addition to the fees and allocations described above, each Fund generally pays expenses incurred by it and reimburses Navy or its affiliates for certain expenses incurred on its behalf. Each Fund shall bear those expenses as set forth in the appropriate Governing Documents, as amended from time to time, including, but not limited to, some or all of the following: investment-related expenses (whether such investments are consummated or not) (e.g., brokerage commissions, exchange deposit and withdrawal fees, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, appraisal fees, and investment banking expenses); due diligence costs (including travel, such as, but not limited to, air and ground travel, lodging and meals); research costs and expenses (including fees for news, quotation and similar information and pricing services); registered agent/office fees; legal expenses (including, without

limitation, the costs of ongoing legal advice and services, blue sky filings, securities filings (including Schedules 13D or 13G), and all costs and expenses related to or incurred in connection with Navy's compliance obligations under applicable Federal, state or non-U.S. laws arising out of its relationship with the Funds, as well as extraordinary legal expenses, such as those related to litigation or regulatory investigations or proceedings; Management Fees; accounting fees and audit expenses; administrative fees; tax preparation expenses and any applicable tax liabilities (including transfer taxes and withholding taxes); valuation agent fees and expenses; other governmental charges or fees payable by the Funds; director and officer and/or errors and omissions liability insurance premiums or fiduciary liability insurance premiums for directors, officers, and personnel of Navy or its affiliates; costs of printing and mailing reports and notices; expenses incurred with regard to "special situation investments"; other similar expenses related to the Fund, in Navy or its affiliates' sole discretion.

To the extent that expenses are attributable to multiple Funds, such amounts will be allocated in accordance with Navy's expense allocation policies, pursuant to which Navy will generally allocate such expenses pro rata based upon the respective position size of such applicable Fund when the expense is attributable to a specific investment and will generally allocate such expenses pro rata based upon the respective net asset value of such applicable Fund when the expense is not attributable to a specific investment. Notwithstanding the foregoing, Navy may make non-pro rata allocations as permitted by the expense allocation policy.

With respect to "broken deal expenses", the Funds will generally be required to bear their *pro rata* portion of broken deal expenses in accordance with the amount they were expected to invest in the unconsummated deal. Navy and/or its affiliate, as applicable, will make such judgments in a manner that it determines to be fair and reasonable in good faith, notwithstanding Navy's interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable. However, such determination is inherently subjective and may give rise to conflicts of interest in light of the inherent biases in the process. There can be no assurance that a different manner of allocation would not result in a Fund bearing less (or more) expenses. Navy bears its own operating, general administrative and overhead costs and expenses.

Cash attributable to a certain Series within the Co-Invest Fund is not always available. When cash is unavailable, Navy will pay the Co-Invest Fund's share of the expenses. When expenses are allocated across the Green Fund and the Co-Invest Fund, the Green Fund will pay its share of the expenses and the Co-Invest fund will reimburse Navy or its affiliates its share of the expenses upon a liquidation event and/or when cash belonging to such Series becomes available, resulting in a timing difference of when expenses are paid.

Neither Navy nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

As noted in Item 5 above, Navy and/or its affiliate receives performance-based allocations from certain Clients. Performance-based allocations may create an incentive for Navy to recommend investments that may be riskier or more speculative than would be the case if such arrangement were not in effect. In addition, performance-based allocations may create an incentive to favor higher fee-paying Clients over other Clients (including Clients who may not be subject to any performance-based allocations) in the allocation of investment opportunities. The performance-based allocations received by Navy and its affiliates in some cases are calculated on the basis of the unrealized, as well as the realized, gains and losses. As a result, such performance-based allocations could be made to Navy and its affiliates in respect of unrealized gains of the Funds that may never be realized. Navy believes that it has reasonable controls in place to mitigate such potential conflicts of interest. These controls include trade allocation procedures that govern allocation of securities, including limited offerings, and analysis of performance achieved by accounts managed in a similar strategy. Navy's procedures generally require accounts with similar investment strategies to be managed in a similar fashion, subject to a variety of exceptions, such as particular investment restrictions or policies applicable only to certain accounts, differences in cash flows, exposure guidelines, account sizes, liquidity terms, and similar factors.

Navy provides advisory services to a number of Clients, including certain pooled investment vehicles in which it has an interest, all of which have investment programs that are similar or substantially similar to each other. In addition, Navy may in the future advise other pooled investment vehicles and separately managed accounts that may have investment programs that are similar or substantially similar to the investment program of one or more Clients. As a result of the foregoing, Navy and its employees may have conflicts of interest in allocating their time and resources among Navy's Clients, and in allocating investments among Navy's Clients. Accordingly, Navy will devote so much of its time and will allocate the time and resources of its employees to each Client as in its judgment each Client reasonably requires.

ITEM 7 TYPES OF CLIENTS

As noted in Item 4 above, Navy provides investment management services on a discretionary basis to domestic and offshore private investment funds sponsored by Navy and/or its affiliate. Navy may, in the future, provide investment advisory services to other types of clients. The respective investment programs of the Funds and such additional clients may or may not overlap.

Investors in the Funds may be individuals or institutions or other entities (including pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, partnerships, funds of funds, and other business entities). The minimum initial subscription amount for investing in the Funds (as set forth in their respective Governing Documents) ranges from \$50,000 to \$1,000,000, generally subject to change or waiver at the discretion of Navy, or a Fund's general partner or board of directors, as applicable.

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

Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that Navy offers to Clients, and investment strategies pursued and investments made by it on behalf of Clients, should not be understood to limit in any way Navy's investment activities. Navy may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that are considered appropriate, subject to each Client's investment objectives and guidelines. The investment strategies that Navy pursues are speculative and entail substantial risks. Clients and investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

The primary investment objective of the Green Fund and the Co-Investment Fund is to compound capital at a superior rate with prudence over time by investing in the emerging secular growth opportunity presented by the global legalization, proliferation and evolution of medical and/or adult-use cannabis. In pursuing this investment objective, Navy uses fundamental analysis to select investments in equity and debt securities but may opportunistically invest in other financial instruments.

Navy focuses on controlling the risk of “permanent capital loss” resulting from a negative business development or excessive valuation by integrating risk management into its research-oriented, fundamentally-driven, bottom-up security selection process, which emphasizes investing in high quality companies that have strong financial characteristics and competitive positions, are at the beginning of their profit growth cycle and are trading at meaningful discounts to long term fair value. While Navy does not generally seek to manage short-term price volatility, accepting these “risks” in exchange for potential superior long-term returns, Navy’s focus on quality growth and the team’s strict value discipline reduces some of the risks inherent in investing in rapidly growing companies competing for their share of a new, still evolving, secular growth opportunity. Additionally, as the industry matures and it becomes more practical, Navy will manage market and industry risk by shorting those cannabis and cannabis-related stocks that it deems to be fundamentally overvalued.

The primary geographic focus will be North America (in particular, the United States and Canada) but as the growth of the legal cannabis industry is a global phenomenon, Navy will invest opportunistically across both developed and developing countries. Navy intends to invest in both pure-play cannabis businesses and in companies with less direct, thematic exposure to the global medical and adult-use cannabis markets.

Methods of Analysis

Navy employs a fundamental bottom-up approach to investing, with a research intensive-focus on both business and industry fundamentals to uncover misunderstood, asymmetric risk-reward investment opportunities. Research identifies undervalued, high quality, secular growth businesses—long-term “compounders”—that the Funds can hold for three (3) to five (5) years on the long side as well as those that are fundamentally flawed and/or selling significantly above their intrinsic value on the short side.

Navy emphasizes managing capital with a consideration of the market, industry cyclicity, and investor sentiment within individual securities. Top-down analysis of global macroeconomic conditions, utilizing both internal and external research can help assess the conditions in which a company operates. In addition, top-down analysis may direct deep dives into especially strong or weak areas of the cannabis and cannabis-related markets, thereby focusing Navy’s bottom-up analysis in areas with the best risk adjusted potential returns.

The Funds’ portfolios will be composed primarily of two sources of stock selection:

- pure-play cannabis businesses; and
- companies with less direct, macro-thematic exposure to the global cannabis industry.

The source of selection is flexible and will be driven primarily by:

- valuation of the general market or the point of a cycle in an industry (abundance of investment opportunities);
- active corporate restructuring and the M&A market;
- identifiable catalysts for revaluation (through higher multiple or earnings growth); and
- risk-reward, level of conviction or disproportionate position size.

It is Navy's belief that superior investment returns can be generated through a concentrated, high-conviction portfolio over a multi-year holding period. The Funds' net market exposure will depend on the combination of Navy's view of the macroeconomic environment and market trends generally, and the microeconomic environment within cannabis and cannabis-related businesses and industries specifically. Navy will typically limit the Funds' exposure to fluctuations in the broader market by its specialized focus on investments in the global cannabis space and from risks within the cannabis industry by deploying capital in a patient and disciplined fashion, attempting to buy only the highest quality, structurally advantaged companies trading at a meaningful discount to fair value and, when appropriate, selling short those companies that trade at unjustifiable premiums while simultaneously exhibiting the weakest current and future fundamentals. Over sustained periods of time the performance of the Funds will be more a function of investment selection than of movements in broad market averages. Use of leverage will be closely monitored and will remain within Navy's comfort level.

Risk Factors

The following is a brief summary of certain of the more significant risks associated with Navy's investment strategies. Investing in securities involves risk of loss that Clients and Fund investors should be prepared to bear.

General

General Investment Risks. The Funds' success depends on Navy's ability to implement the Funds' respective investment strategies. Any factor that would make it more difficult to execute timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Funds will be successful under all or any market conditions.

The Funds may increase their cash position to up to 100% of its assets when Navy deems it prudent or when a defensive position is warranted in light of market conditions. During such times, interest income will increase and may constitute a large portion of the return and the Funds will not participate in market advances or declines to the extent that it would have if they had been more fully invested.

A potential investor in the Funds should note that the prices of the securities and other instruments in which the Funds invest may be unavailable. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets

and related investments to move rapidly.

Investment and Trading Risks. All investments involve the risk of a loss of capital. Navy believes that the Funds' investment programs and research and risk-management techniques moderate this risk through the careful selection of securities and other financial instruments and/or portfolio construction. No guarantee or representation is made that the Funds' investment programs will be successful, and investment results may vary substantially over time. The Funds' investment programs may utilize such investment techniques as option transactions, limited diversification, margin transactions, short sales and futures and forward contracts, which practices can, in certain circumstances, maximize the adverse impact to which the Funds may be subject.

Risks Associated with Investments in Private Companies

Investments by the Funds in the debt or equity of private companies may expose the Funds to a number of risks, including market risk, credit risk, liquidity risk, operational risk, and litigation risk.

The Funds May Not Have Control Over an Investment. In general, the Funds intend to acquire minority interests in private companies or other assets in which they invest, or rely on independent third-party management or strategic partners with respect to the management of private companies. The Funds may also co-invest with third parties through partnerships, joint ventures or other types of entities, thereby acquiring non-controlling interests in certain investments. Therefore, the Funds may not be able to exercise control over such investments. A third-party partner or co-venturer may have financial difficulties resulting in a negative impact on such asset, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives.

The Funds May Not Achieve Their Targeted Rate of Return on Its Investments. Navy expects to make investments on behalf of the Funds based on its estimates or projections of overall rates of return on such investments, which in turn are based upon, among other considerations, assumptions regarding the performance of private companies, the amount and terms of available financing, marketability and viability of and the manner and timing of dispositions, all of which are subject to significant uncertainty. In addition, events or conditions that Navy has not anticipated may occur and may have a significant effect on the actual rate of return received on an investment.

Lack of Liquidity and Need for Additional Capital. In some cases, private companies will become successful only if additional capital is raised, which may dilute the holdings of existing investors such as the Funds. The inability of such private companies to attract additional capital may have the effect of halting the development of that private company and cause the Funds to lose their investment therein altogether. Also, if such private company is ultimately unsuccessful in its exit strategy such as going public and developing a public market or merging with or being acquired by another company, the Funds' holdings of that company's securities may become worthless or severely devalued.

Competition for Investments. The Funds expects to encounter competition from other entities having similar investment objectives. Historically, the primary competition for such investments has been from venture capital partnerships and companies, venture capital affiliates of large industrial companies, wealthy individuals and non-U.S. investors. Additional competition is anticipated from industrial and financial companies investing directly, rather than through venture capital entities, as well as other larger institutional asset management firms. The Funds may co-invest with other investors, and these relationships with other investors may expand the Funds' access to investment opportunities. However, there is no assurance that the Funds will succeed in finding investments on similar or favorable terms in comparison to its competitors.

Start-up Risks. The Funds may make investments in companies at the start-up or incubation stage of their development. Particularly in early-stage enterprises, a major risk exists that a proposed service or

product cannot be developed successfully with the resources available to the private company. There is no assurance that the development efforts of any private company will be successful or, if successful, will be completed within the budget or time period originally estimated. The services and products may also be subject to a high degree of technical obsolescence. There is no assurance that any company can successfully develop future generations of its services or products. Additional funds may be necessary to complete such development, and there is no assurance that such funds will be available from any particular source.

Illiquid Investments. Certain Funds may invest in private securities for which no (or only a limited) market exists or that are subject to legal or other restrictions on transfer. It may take the Funds longer to liquidate such positions (if they can be liquidated) than would be the case for more liquid investments. The prices realized on the resale of private securities could be less than those originally paid by the Funds. The market prices, if any, for such assets tend to be volatile, and may fluctuate due to a variety of factors that are inherently difficult to predict including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, and the financial condition of obligors on the Funds' assets. The Funds may not be able to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of illiquid assets and restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Control Securities. The Funds holds positions in companies where one or more representatives of Navy, the applicable general partner, or their affiliates sit on the board of directors. As a result, public resale of these securities may be limited under the Securities Act, as the Funds' investments in these companies may be deemed "control securities" under U.S. securities laws. Furthermore, the Funds may be subject to the trading windows and insider trading policies of such companies as well as obligations under Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), which, among other things, subjects trading in certain of these companies' securities to the "short swing profit rule." Investing in securities with limited or no liquidity or where one or more representatives of Navy, the applicable general partner or their affiliates sits on the board of directors may impair the Funds' ability to dispose of such securities on a timely basis. As a result, the ability of the Funds to timely execute transactions in order to realize gains and avoid losses may be hindered. The Funds' positions in such securities could be substantial.

Effects of Fund Growth. To the extent the Funds grow and/or take larger positions in the securities of particular companies, they may experience difficulty in making and liquidating investments without adversely affecting the prices at which they buy and sell the securities. This effect is likely to be most felt in investments in smaller capitalization companies in which markets tend to be less liquid. Additionally, to the extent the Funds grow as a result of raising additional capital, investors' pro rata interest in certain portfolio positions (particularly private securities that are not listed on an exchange) may become diluted over time if such portfolio positions are not designated as "Special Situation Investments."

Impact of Russia-Ukraine Conflict. The European and global financial markets have recently experienced significant volatility and adverse trends due to concerns about acts of aggression in the region and related sanctions. These or similar events may further impact other countries in Europe and may affect the value of a partnership's investments.

On February 24, 2022, Russia launched a large-scale invasion of Ukraine. Following Russia's invasion, various countries, including the U.S., Canada, the United Kingdom, Germany and France, as well as the European Union, issued broad-ranging economic sanctions against Russia and its high-ranking officials. As a result of the economic sanctions and the suspension of trading on the Moscow stock exchange, non-Russian investors may be prohibited or otherwise face difficulty in trading certain Russian securities and

doing business with certain Russian corporate entities, financial institutions, officials and oligarchs (whose assets may be frozen).

The sanctions include a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications, commonly known as “SWIFT,” which is the electronic network that connects banks globally. A large number of corporations and U.S. states have announced plans to divest interests or otherwise curtail business dealings with certain Russian businesses. The scope and severity of the sanctions are likely to evolve as the conflict continues. The conflict between Russia and Ukraine is currently unpredictable and has the potential to result in broadened military action. The extent and duration of the military action and resulting sanctions or future market disruptions in the region are impossible to anticipate, but are likely to be significant and have a severe adverse effect on the region as well as have a significant negative impact on the global economy and markets for certain securities and commodities, such as oil and natural gas, as well as other sectors.

In addition, sanctions against certain individuals may also impact a fund’s operation. For example, in the event an investor in a fund is placed on a sanctions list, the investment manager may be required to take certain steps, including freezing the investor’s investment in the fund. Furthermore, a fund itself may be deemed “blocked” due to significant investments in Russian companies, companies doing significant business in Russia and/or significant investments in the fund by Russian investors. This may result in the fund having its assets frozen, which will negatively impact all investors, including those with no association to Russia.

On March 11, 2022, the beneficial owner (“**Designated Person**”) of a majority shareholder in the Offshore Fund (which itself was a 12.15% Limited Partner in the Green Fund at that time) was sanctioned by the United Kingdom and other non-U.S. countries. As a result, the Offshore Fund was deemed sanctioned under Cayman Islands law and unable to make any new investments, process subscriptions or redemptions, or make distributions to Shareholders. On April 12, 2022, the Royal Court of Jersey, where the majority shareholder had been registered, granted an order of Saisie Judiciaire (“**Saisie**”) in respect of the realizable property of the Designated Person. Upon the grant of the Saisie, the Viscount of Jersey became the legal owner of the majority shareholder in place of the Designated Person. As a result of this change in ownership, the Designated Person has no power to exercise any possession of, or control over, the majority shareholder. Accordingly, the majority shareholder is no longer a sanctioned investor in the Offshore Fund and the Offshore Fund is no longer considered sanctioned or frozen.

The Green Fund may be impacted if ownership of the majority shareholder reverts to the Designated Person while the Designated Person is still sanctioned by the United Kingdom because the Offshore Fund would again be deemed sanctioned under Cayman Islands law.

As of the date of this Brochure, the Designated Person has not been sanctioned by the United States. If ownership of the majority shareholder in the Offshore Fund reverts to the Designated Person and the Designated Person is sanctioned by the United States, the Offshore Fund would be considered a “blocked” entity due to the majority shareholder, and the Green Fund would be required to apply for and be granted a license from the Office of Foreign Asset Control (“**OFAC**”) under the U.S. Department of the Treasury to conduct any business with the Offshore Fund. If the Offshore Fund were to become a 50% or more owner of the Green Fund while blocked by OFAC, the Green Fund would then be deemed to be a “blocked” entity and U.S. persons would be prohibited from doing business with the Green Fund unless OFAC granted a license permitting certain transactions. As of March 1, 2023, the Offshore Fund owned 12.2% of the Green Fund.

Risks Associated with Instruments Traded by Navy

Equity Securities. The value of the equity securities held by the Funds is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market’s perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and can be riskier than some other forms of investment.

Option Transactions. The purchase or sale of an option by the Funds involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying investment for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying investment does not change in price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying investment in excess of the premium payment received.

Small- and Medium-Capitalization Stocks. The Funds may invest their assets in stocks of companies with smaller market capitalizations. Small- and medium-capitalization companies may be of a less seasoned nature or have securities that may be traded in the over-the-counter market. These “secondary” securities often involve significantly greater risks than the securities of larger, better-known companies. In addition to being subject to the general market risk that stock prices may decline over short or even extended periods, such companies may not be well-known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. Additionally, stocks of such companies may be more volatile in price and have lower trading volumes than larger capitalized companies, which can result in greater sensitivity of the market price to individual transactions. Accordingly, investors in the Funds should have a long-term investment horizon.

Small- and medium-capitalization securities may be followed by relatively few securities analysts with the result that there tends to be less publicly available information concerning these securities compared to what is available for exchange-listed or larger companies. The securities of these companies have more limited trading volumes than those of larger issuers and may be subject to more abrupt or erratic market movements than the securities of larger, more established companies or the market averages in general, and the Funds may be required to deal with only a few market makers when purchasing and selling these securities. Transaction costs in small- and medium-capitalization stocks may be higher than those involving larger capitalized companies. Companies in which the Funds may invest may also have limited product lines, markets or financial resources and may lack management depth and may be more vulnerable to adverse business or market developments.

Debt and Other Income Securities. The Funds may invest in fixed income and adjustable-rate securities. Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security’s value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Market risk relates to the changes in the risk or perceived risk of an issuer, industry, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of income securities may be affected by changes in the credit rating or financial condition of the issuing entities. Income securities denominated in non-U.S. currencies are also subject to the risk of a decline in the value of the denominating currency relative to the U.S. dollar.

Derivative Investments. Derivatives are financial contracts whose value depends on, or is derived from, an underlying product, such as the value of a securities index. The risks generally associated with derivatives include the risks that: (1) the value of the derivative will change in a manner detrimental to the Funds; (2) before purchasing the derivative, the Funds will not have the opportunity to observe its performance under all market conditions; (3) another party to the derivative may fail to comply with the terms of the derivative contract; (4) the derivative may be difficult to purchase or sell; and (5) the derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset

could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations.

Derivatives Markets Can be Highly Volatile. The profitability of investments by the Funds in the derivatives markets depends on the ability of Navy to correctly analyze these markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies designed to influence world political and economic events, and changes in interest rates. In addition, the assets of the Funds may be pledged as collateral in derivatives transactions. Thus, if the Funds defaults on such an obligation, the counterparty to such transaction may be entitled some or all of the assets of the Funds as a result of the default.

Non-U.S. Securities. The Funds may invest in securities and other instruments of non-U.S. corporations and non-U.S. countries. Investing in the securities of companies in, and governments of, non-U.S. countries involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government. These include, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political, and economic instability; the smaller size of the securities markets in such countries and the lower volume of trading may result in potential lack of liquidity and in price volatility; fluctuations in the rates of exchange between currencies and costs associated with currency conversion; differences in withholding and other taxation and certain government policies that may restrict or impede the Funds' investment opportunities. In addition, accounting and financial reporting standards that prevail in non-U.S. countries generally are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in, and governments of, non-U.S. countries than is available to investors in companies located in the United States. As a general rule, there is less regulation of the securities markets in non-U.S. countries than there is in the United States.

Exchange-Traded Funds. The Funds may invest in exchange-traded funds ("*ETFs*"). ETFs are a recently developed type of investment security, representing an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or the Dow Jones Industrial Average, or to represent exposure to a particular industry or sector. Unlike open-end mutual funds, the shares of ETFs and closed-end investment companies are not purchased and redeemed by investors directly with the fund, but instead are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from, or a premium to, the net asset value per share of the underlying portfolio of securities. As a relatively new type of security, the trading characteristics of ETFs may not yet be fully developed or understood by potential investors. In addition to bearing the risks related to investments in equity securities, investors in ETFs that are intended to replicate a securities index bear the risk that the ETFs' performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.

Subordinated Securities. Investments in subordinated debt involve greater credit risk of default than the senior classes of the issue or series. Certain subordinated securities ("first loss securities") absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities therefore possess some of the attributes typically associated with equity investments.

Interest Rate, Credit Default and Total Return Swaps. Swap agreements are types of derivatives. The Funds may enter into interest rate, credit default, or total return swap transactions.

Interest rate swap transactions involve the exchange by one party, such as a Fund, with another party

of their respective commitments to pay or receive interest (for example, an exchange of floating rate payments for fixed-rate payments). In such transactions, there is a risk that yields will move in the direction opposite of the direction anticipated by Navy, which would cause a Fund to make payments to its counterparty in the transaction that could adversely affect Fund performance.

Credit default swap transactions involve the buyer of the swap receiving credit protection, whereas the seller of the swap guarantees the credit worthiness of an entity. In addition to the risks applicable to swaps generally, credit default swap transactions involve special risks because they are difficult to value, are highly susceptible to liquidity and credit risk, and generally pay a return to the party that has paid the premium only in the event of an actual default by the issuer of the underlying obligation (as opposed to a credit downgrade or other indication of financial difficulty).

Total return swap transactions involve the exchange by one party, such as a Fund, with another party to pay or receive the total return of a defined asset in return for receiving or paying a stream of cash flow. In total return swap transactions there are the risks that the counterparty will default on its payment obligation to a Fund in the transaction and that a Fund will not be able to meet its obligations to the counterparty in the transaction.

Non-U.S. Exchanges and Markets. The Funds may engage in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets may involve certain risks including exchange-rate exposure, excessive taxation, possible governmental regulation or lack thereof not applicable to trading on U.S. exchanges and markets and such exchanges and markets are frequently less regulated than those in the U.S. For example, certain non-U.S. exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants, as do U.S. exchanges. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on those exchanges. Some non-U.S. exchanges, in contrast to U.S. exchanges, are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain non-U.S. exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences, including the possibility of direct government intervention. Investment in non-U.S. markets would also be subject to the risk of fluctuations in the exchange rate between the local currency and the U.S. dollar and to the possibility of exchange controls. Non-U.S. brokerage commissions and other fees are also generally higher than in the United States. In addition, the Funds’ rights and responsibilities if a non-U.S. exchange or clearing house defaults or declares bankruptcy are likely to be more limited than if a U.S. exchange does so. Consequently, daily price movements for these instruments may be unlimited, and there can be no guarantee that markets will exist for liquidation of such instruments following investment.

General Risks of Off-Exchange Currency Trading. The foreign exchange market (also known as “Forex”) is a global decentralized market for the trading of currencies. The foreign exchange market is very loosely regulated and there is no central marketplace for currency exchange. As such, currency trading is conducted electronically in “over-the-counter” (OTC) transactions between, among others, fund managers, corporate treasury departments, banks, position traders, and speculators. Positions which are traded on the foreign exchange market can be highly leveraged and accordingly, such positions will generally carry a high degree of risk and can result in a loss of all or substantially all of the assets placed in the margin account.

Currency Risk. The value of the Funds’ assets may be affected favorably or unfavorably by the changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when the Funds transfers investments from one country to another. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the

failure to intervene) or by currency controls or political developments. The Funds may seek to mitigate the risk of currency exchange fluctuation through the active and systematic use of currency hedges.

Investment Strategy Risks

Leverage and Margin Transactions. In order to raise additional cash for investment, the Funds may borrow money from banks and other sources and will pay interest thereon. Any investment gains made with the additional monies in excess of interest paid will cause the Net Asset Value of the Funds to rise faster than would otherwise be the case. On the other hand, if the investment performance of the additional securities purchased fails to cover their cost (including any interest paid on the money borrowed) to the Fund, the Net Asset Value of the Fund will decrease faster than would otherwise be the case. This is the speculative factor known as “leverage.” The amount of money the Funds may borrow is determined by risk-based parameters set by the Funds’ prime broker as well as applicable margin guidelines imposed by regulations adopted by the Federal Reserve Board. The Funds may also purchase securities in uncovered margin transactions. In the event of adverse market movements or other factors, the Funds may have to meet calls for substantial additional margin which may limit the Funds’ assets available for other investments at an inopportune time. In addition, a change in the general level of interest rates may adversely affect the Funds. The use of leverage may, in certain circumstances, increase the adverse impact to which the Funds’ investment portfolio may be subject.

Systems Risks. The Funds depend on Navy to develop and implement appropriate systems for the Funds’ activities. The Funds relies extensively on computer programs and systems to trade, clear, and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Funds’ activities. The ability of its systems to accommodate an increasing volume of transactions could also constrain Navy’s ability to manage the portfolio. In addition, certain of the Funds’ and Navy’s operations interface with or depend on systems operated by third parties, including prime brokers and market counterparties and their respective sub-custodians, and other service providers, and the Funds or Navy may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Funds. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect Navy’s ability to monitor the Funds’ investment portfolios and their risks. Navy is not liable to the Funds for losses caused by systems failures or due to any breakdown in the means of the communication normally used to ascertain the value of the Funds’ investments or to conduct trading in such investments.

Execution of Orders. The Funds’ trading strategies depend on the ability to establish and maintain an overall market position in a combination of financial instruments selected by Navy. The Funds’ trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to employees, brokers, agents or other service providers. In such events, the Funds might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Funds might not be able to make such adjustment. As a result, the Funds would not be able to achieve the market position selected by Navy, and might incur a loss in liquidating its position.

Operational Risks. The volume and complexity of the Funds’ transactions may place substantial burdens on Navy’s operational systems and resources, including those related to trade entry and execution, position reconciliation, corporate actions, marking procedures, finance, accounting, profit and loss reporting, internal management and risk reporting and funds transfers. Human error, system failure or other problems with any of these processes could result in material losses or costs, which will generally be borne by the Funds.

Short-Selling. The Funds may engage in short-selling as part of its general investment strategy. Short-selling involves selling securities that are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short-selling allows the Funds to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, because the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss upon such repurchase. The Funds' obligations under its short-sales will be marked to market daily and collateralized by the Funds' assets held at the Broker, including its cash balance and its long securities positions. Because short sales must be marked to market daily, there may be periods when short sales must be settled prematurely, and a substantial loss would occur. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short-selling exposes the Funds to unlimited risk with respect to that security due to the lack of an upper limit on the price to which an instrument can rise. Short sales may be utilized to enhance returns and hedge the portfolio. Navy anticipates that the frequency of short-sales will vary substantially in different periods. There are no prescribed limits to the amount of Fund assets that may be subject to short sales.

Lack of Diversification. Although Navy will structure the Funds' portfolios so that investments (both individually and in the aggregate) have desirable risk/reward characteristics and, to the extent applicable, so that the Funds may be able to satisfy Fund investors' requests for withdrawals, the Funds may not be subject to any restrictions with respect to investments in any particular industry, geography or type of investment. The Funds may incur losses or increased volatility of results due to a concentration of investments in a particular company or industry.

Hedging. Navy on behalf of the Funds may seek to hedge certain market or other risks inherent in the Funds' portfolio positions.

Navy on behalf of the Funds generally may enter into hedging transactions with the intention of reducing or controlling risk. Even if Navy is successful in doing so, the cost of hedging may have the effect of reducing returns. Furthermore, it is possible that Navy's hedging strategies will not be effective in controlling risk, due to unexpected non-correlation between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

To the extent that Navy hedges, its hedges may not be static but rather might need to be continually adjusted based on Navy's assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The success of Navy's hedging strategy may depend on its ability to implement this dynamic hedging approach efficiently and cost effectively, as well as on the accuracy of Navy's ongoing judgments concerning the hedging positions to be acquired.

Highly Volatile Instruments. The prices of financial instruments in which the Funds may invest can be highly volatile. Price movements of option contracts in which the Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Funds are subject to the risk of failure of any of the exchanges on which its positions trade or of their clearing houses.

Failure of Broker-Dealers. Institutions, such as brokerage firms or banks, may hold certain of the Funds' assets in "street name." Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Funds. In addition, as the Funds may borrow money or securities, the Funds will post certain of their assets as collateral securing the obligations ("**Margin Securities**"). The Funds' brokers generally hold the Margin Securities on a commingled basis with margin securities of its other customers and may use certain of the Margin Securities to generate cash to fund a Funds' leverage,

including pledging such Margin Securities. Some or all of the Margin Securities may be available to creditors of the Funds' brokers in the event of its insolvency. The Funds' brokers have netting and set off rights over all the assets held by it (which may indirectly include amounts held for the Funds' benefit in the special segregated bank account) to satisfy the Funds' obligations under its agreements with the Funds' broker, including obligations relating to any margin or short positions.

Risk of Default of Exchanges. Exchange-traded futures and/or options on futures contracts may be utilized by Navy and although these exchanges are highly regulated and have never defaulted in the past, there is a risk that these exchanges could fail to perform in clearing executed transactions.

Navy's Methodology. Trading decisions of Navy are on a discretionary basis using fundamental and/or technical analysis and no assurance can be given that such trading strategies used by Navy will be successful, or that losses could not occur. In entering orders into the Funds' accounts, Navy will use market, limit, stop, and other qualified orders, if in its judgment, that appears appropriate under given market conditions. In addition, when liquidating a position, Navy may place a reversal order, *i.e.*, the current position is liquidated and an opposite one is established.

Risk of Loss. A Fund investor could incur substantial, or even total, losses on an investment in the Funds. An investment in the Funds is only suitable for persons willing to accept this high level of risk.

Cannabis Industry Specific Risks

Regulation of Cannabis in the United States. Substances contained in and derived from the cannabis plant (specifically, the substances "tetrahydrocannabinols" ("**THC**") and "marijuana extract") are classified as Schedule I controlled substances under the U.S. Controlled Substances Act of 1970, as amended (the "**Controlled Substances Act**") and are therefore illegal under federal law for any purpose. Even in those states in which the use of cannabis has been legalized, its use remains a violation of federal law with state and federal laws regarding cannabis often conflicting. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would likely cause significant financial harm to the businesses in which the Funds invest and the ability of the Funds to pursue their investment strategy. Substances in Schedule I, the most tightly restricted category, by definition have no currently accepted medical use in the United States, a lack of accepted safety for use under medical supervision, and a high potential for abuse. In December 2020, the U.S. Drug Enforcement Agency (the "**DEA**") released rules to expand the number of authorized growers of cannabis for use in scientific research (previously limited to plant material grown by the University of Mississippi).

As of the date of this Brochure, forty-one (41) states and territories have legalized cannabis for medical purposes. Twelve (12) states and territories have laws that limit the THC content, for the purpose of allowing access to products that are rich in cannabidiol ("**CBD**"), a non-psychoactive component of cannabis. As of the date of this Brochure, adult recreational or personal use of cannabis is legalized in twenty-two (22) states (Alaska, Arizona, California, Colorado, Connecticut, Illinois, Maine, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, Oregon, Rhode Island, South Dakota, Vermont, Virginia and Washington), plus the District of Columbia, the Northern Mariana Islands, and Guam. Legalization in the cannabis context means the abolishment of laws that ban the possession and personal use of cannabis. Legalization enables governments to regulate and tax cannabis use and sales. Another twenty-seven (27) states and territories (Alaska, California, Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Rhode Island, Vermont, and Virginia) and the U.S. Virgin Islands have decriminalized cannabis. Decriminalization means a loosening of criminal penalties and in the cannabis context generally means that possession of certain small amounts of cannabis for personal consumption may be a civil or local infraction but will no longer rise to the level of being a state crime or

may constitute the lowest misdemeanor with no possibility of jail time.

As noted above, these state laws are in conflict with the federal Controlled Substances Act, which makes the sale and possession of cannabis illegal on a national level. Accordingly, cannabis cannot be introduced into interstate commerce. In 2013, then Deputy U.S. Attorney General James Cole attempted to address the inconsistent treatment of cannabis under state and federal law by issuing a memorandum entitled “Guidance Regarding Marijuana Enforcement” (the “*Cole Memorandum*”). The Cole Memorandum directed that enforcing federal cannabis laws and regulations in jurisdictions that have enacted laws legalizing medical cannabis, and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, against conduct that is in compliance with those laws and regulations was not a priority for the U.S. Department of Justice (the “DOJ”). The DOJ did not provide (and has not provided since) specific guidelines for what state regulatory and enforcement systems would be deemed sufficient for the purposes of the Cole Memorandum.

As of the date of this Brochure, the DOJ has not issued any updated guidance on cannabis enforcement and it remains to be seen whether the current U.S. Attorney General Merrick Garland will re-issue the Cole Memorandum or similar guidance of his own. Indications are that the DOJ is likely to adopt similar hands-off approach to cannabis law enforcement in states and territories where it is legal. When questioned during his confirmation hearings about re-issuing the Cole Memorandum, Mr. Garland responded that this “is a question of the prioritization of our resources and prosecutorial discretion. It does not seem to me a useful use of limited resources that we have, to be pursuing prosecutions in states that have legalized and that are regulating the use of marijuana, either medically or otherwise.” He added “I do think we need to be sure there are no end-runs around the state and federal laws that criminal enterprises are doing. So that kind of enforcement should be continued. But I don’t think it’s a good use of our resources, where states have already authorized. That only confuses people, obviously, within the state.” In addition and in a first for the DOJ, Mr. Garland explained that social justice warrants such deprioritizing, acknowledging that cannabis law enforcement disproportionately impacts people and communities of color, and the effects of those arrests impact individuals’ economic potential and livelihoods. Under the current administration, there is no guarantee that this policy of the low priority enforcement of federal laws will not change. Furthermore, a future administration could decide to enforce these federal laws more strictly. Any such change in the federal government’s enforcement of current federal laws could cause significant financial damage to the Funds.

Although cannabis remains a Schedule I controlled substance, the Rohrabacher-Farr amendment (also known as the Rohrabacher-Blumenauer amendment) prohibits the use of federal funds in connection with investigating and prosecuting persons and entities complying with state medical cannabis laws. The Rohrabacher-Farr amendment has been renewed annually for the last several years as part of the appropriations process in Congress. Any failure to renew the Rohrabacher-Farr amendment or a new approach to cannabis by the DOJ could have a chilling effect on the industry’s growth and be materially adverse to the Funds and their respective portfolio investments. There can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future.

Through due diligence and appropriate warranties and covenants in their respective investment documentation, as well as their rights as investors in portfolio companies, the Funds will seek to avoid investing in companies whose businesses may run afoul of guidance provided in the Cole Memorandum. However, it remains the case that the business of the Funds’ portfolio companies will be illegal under federal law and that by investing in the Funds, investors may be deemed to be violating federal law. There are no assurances that investments in the Funds will not subject investors to arrest, criminal prosecution, civil penalties, criminal or civil forfeiture of personal assets, loss of federal benefits, or other criminal, civil, or administrative consequences. Investors should be aware that cannabis may never be legalized federally in the United States.

Although the cultivation of industrial hemp (defined as cannabis and cannabis derivatives with no more than 0.3% of THC on a dry weight basis) was made legal in the United States in late 2018 with the enactment of the Agriculture Improvement Act of 2018 (the “Farm Act”). Furthermore, the U.S. Food and Drug Administration (the “**FDA**”) has since issued a statement declaring that despite the new status of hemp, CBD remains illegal to add to food or health products without the agency’s approval. As a result, the FDA may regard the promotion of the Fund’s cannabis-based investments as the promotion of an unapproved drug in violation of the U.S. Federal Food, Drug and Cosmetic Act of 1938, as amended (the “**FDCA**”). The FDCA is a set of laws giving authority to the FDA to oversee the safety of food, drugs, medical devices, and cosmetics. While the FDA has stated that it recognizes the significant public interest in cannabis and cannabis- derived compounds, particularly CBD, it also maintains that there are many unanswered questions about the science, safety, and quality of products containing CBD. The FDA continues to view CBD as not Generally Recognized as Safe (GRAS). The FDA cautions that CBD products continue to be subject to the same laws and requirements as FDA-regulated products that contain any other substance. Except for one prescription drug to treat rare, severe forms of epilepsy, to date the FDA has not approved any CBD products. FDA enforcement action against the Funds’ portfolio companies could result in a number of negative consequences, including fines, disgorgement of profits, recalls or seizures of products, or a partial or total suspension of the products or distribution of such portfolio companies. Such events, if they occurred, could have a material adverse effect on the Funds’ business, prospects, financial condition and operating results. Any rulemaking or pronouncements by the FDA may increase compliance costs of the Funds’ respective cannabis portfolio companies or further restrict the marketing and sale of affected products.

The legal cannabis industry in the U.S. is at an early stage of its development. Cannabis has been, and is expected to continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or public information could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Funds’ portfolio investments and in turn, of the Funds. Further, adverse publicity reports or other media attention regarding cannabis in general or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Investors should be aware that cannabis may never be legalized federally in the United States.

Because cannabis remains illegal under federal law, investors (by investing in a Fund) may be deemed to be violating federal law and may be subject to arrest, criminal prosecution, civil penalties, criminal or civil forfeiture of personal assets, loss of federal benefits, or other negative criminal, civil or administrative consequences.

Portfolio Companies May Have Difficulty Operating in the Face of Stringent and Inconsistent Regulation. As a consequence of cannabis’ classification as a Schedule I substance under the Controlled Substances Act and U.S. anti-money laundering (“**AML**”) laws under the U.S. Bank Secrecy Act of 1970, as amended (the “**Bank Secrecy Act**”), cannabis-related companies may not be able to open or maintain bank accounts or access products and services of traditional financial institutions, such as credit facilities and payment processing. In February 2014, the Financial Crimes Enforcement Network (FinCEN) of the U.S. Treasury Department issued guidance (the “**FinCEN Guidance**”) (which is non-binding and revocable) for financial institutions providing banking services to cannabis-related businesses. The FinCEN

Guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Under the FinCEN Guidance, financial institutions are required to file suspicious activity reports (“**SARs**”) when conducting transactions involving funds derived directly or indirectly from a cannabis-related activity, irrespective of whether such activity is conducted in compliance with applicable state law. In filing a SAR, a bank or other financial institution may be obligated to conduct burdensome due diligence and ongoing monitoring of a portfolio company’s business activities prior to providing services to the portfolio company, which may delay financial transactions and otherwise adversely affect the financial condition of the portfolio company. For these reasons, most banks and other financial institutions in the United States are generally not comfortable providing banking services to cannabis-related businesses, even if they rely on, and fully comply with, the FinCEN Guidance which can be amended or revoked at any time by the administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Funds and their portfolio companies may have limited or no access to banking or other financial services in the United States.

Furthermore, as mentioned above, federal anti-money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state in which it resides permits cannabis sales. Consequently, businesses involved in the cannabis industry, including the Funds, often have trouble finding a bank or other financial institutions willing to accept their business. The inability to open bank accounts may make it difficult for the portfolio companies in which the Funds invest to conduct business and grow. Moreover, the success of the Funds depends in part upon its ability to select service providers. Unlike other private funds that do not invest in the cannabis industry, the Funds may experience challenges in retaining the services of certain third-parties as a result of its investment strategy, which limits the universe of potential service providers that the Funds would otherwise be able to engage.

Laws and regulations affecting the cannabis industry are constantly changing, which could detrimentally impact the businesses in which the Funds invest. The companies in which the Funds invest are subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as being subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Litigation, complaints and enforcement actions could consume considerable amounts of financial and other corporate resources of the Funds’ portfolio companies, which could have a negative impact on their sales, revenues, profitability, and growth prospects.

Local, state and federal cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require the Funds to incur substantial costs associated with compliance or alter its business plan. In addition, violations of these laws and regulations, or allegations of such violations, could disrupt the Funds’ business and result in a material adverse effect on its operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to portfolio companies and the Funds. Navy cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on portfolio companies and the Funds.

Companies involved in the cannabis industry face intense competition, may have limited access to the services of banks, may have substantial burdens on company resources due to litigation, complaints or enforcement actions, and are heavily dependent on receiving necessary permits and authorizations to engage in medical or other cannabis research or to otherwise cultivate, possess or distribute cannabis.

Many variations exist among states that have legalized, decriminalized, and/or created medical cannabis exemptions. For instance, some states require vertically integrated cannabis businesses and other states prohibit vertical integration. These conflicts and variations make it difficult for the Funds’ portfolio

investments to gain scale and efficiency.

Bankruptcy Protection Currently Not an Option for Cannabis Companies. Because it remains a federal crime to grow, distribute, possess or use cannabis, bankruptcy generally is not an option for failing cannabis-related businesses (including businesses that are not directly involved with cultivating or dispensing cannabis), even those that are legal under state law. The policy of the U.S. Trustee Program which oversees the administration of bankruptcy cases and private trustees, is to seek dismissal of cannabis bankruptcy cases on the grounds that (i) the bankruptcy system should not be used as an instrument in the ongoing commission of a crime and reorganization plans that permit or require continued illegal activity may not be confirmed, and (ii) bankruptcy trustees and other estate fiduciaries should not be required to administer assets if it would cause them to violate federal law. Portfolio companies and their creditors will not enjoy the same bankruptcy protections that would be available to them if they were not involved in cannabis and cannabis-related businesses. The following non-bankruptcy and state law remedies may be available to cannabis-related companies and their creditors: assignments for the benefit of creditors, receiverships, foreclosure under the Uniform Commercial Code and remedies available to mortgage holders under state law, and out-of-court workouts.

Inability to Protect Intellectual Property Rights. Portfolio companies will not be able to register U.S. federal trademarks for their cannabis products and trademark infringement actions are routinely dismissed. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is illegal under the Controlled Substances Act, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, portfolio companies will be unable to protect their cannabis product trademarks on a national level and may be forced to rely on individual state trademark registrations that will not extend beyond the particular state, thus inhibiting the creation of national brands. The use of its trademarks outside the states in which they operate by one or more other persons could have a material adverse effect on the value of such trademarks.

Advertising Challenges. Federal illegality severely limits the ability of cannabis companies to advertise and promote their cannabis and cannabis-related goods and services on a national scale. The Controlled Substances Act prohibits persons from using communications facilities (i.e., “any and all public and private instrumentalities used or useful in the transmission of writing, signs, signals, pictures, or sounds of all kinds and includes mail, telephone, wire, radio, and all other communications”) to transmit advertisements of Schedule I controlled substances such as cannabis. Persons are similarly prohibited from knowingly or intentionally using the internet to “advertise the sale of, or to offer to sell, distribute, or dispense” controlled substances. Social media such as Facebook, Twitter and Yelp routinely remove cannabis advertising. Finally, the U.S. Postal Service takes the position that “advertisements for the sale of marijuana are non-mailable.”

Tax Risks Related to Controlled Substances. Section 280E of the U.S. Internal Revenue Code of 1986, as amended (“**Section 280E**”) prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the Controlled Substances Act). The U.S. Internal Revenue Service (the “**IRS**”) has invoked Section 280E in tax audits against various cannabis businesses in the U.S. operating in compliance with applicable state laws. Accordingly, the bulk of operating costs and general administrative costs are not permitted to be deducted thus lowering the after-tax income of operations in the industry and also making valuations difficult for the purposes of financings and mergers and acquisitions transactions. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

Legislatures of U.S. states where medical and/or adult-use cannabis is legal have or are considering special taxes, excises, or fees related to the cannabis industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes, excises, and fees. The implementation of special taxes,

excises, or fees could have a material adverse effect upon the businesses, results of operations and financial condition of the portfolio investments of the Funds.

The Effect of State Civil and Criminal Laws on Investors, Navy and its Affiliates. Although portfolio companies may conduct business in compliance with state rules and regulations in those states that have passed legislation and adopted regulations, Navy and/or its affiliates, shareholders, principals, members, partners, managers, directors, officers and employees (collectively the “*Affiliated Persons*”) and the investors theoretically face exposure in those states that have not passed legislation. Affiliated Persons and investors located in states where cannabis remains illegal may be at risk of prosecution under state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. States may take action to prevent the proceeds of cannabis businesses from entering their state. Because legalization in these states is so new, it remains to be seen whether these states would take such action and whether a court would approve any such action. Investors should be aware of these potentially relevant state laws in considering whether to invest in the Funds.

a. Conspiracy/Aiding and Abetting

An individual who invests in or otherwise assists a cannabis-related business could potentially face criminal liability under state conspiracy and/or aiding and abetting laws on the theory that the individual has conspired with or assisted another to sell cannabis, conduct that remains a crime in many states. The laws of several states provide, for example, that a person can be convicted of a crime under state law if, among other things, any element of the crime occurred within the state, or if a conspiracy or criminal solicitation occurred in the state. Thus, if any communications between an investment fund (such as the Funds) and a cannabis-related business occurred in a state where cannabis is illegal, or if such investment fund is based in a state where cannabis is illegal and wired its investment from that state, such investment fund’s conduct may render it vulnerable to prosecution under state law for conspiring or aiding another to sell cannabis.

b. Money Laundering

Affiliated Persons and investors should also be aware of the potential impact of state money laundering statutes. Many state anti-money laundering statutes, for example, criminalize any financial transaction by any person that involves the proceeds of various types of “criminal conduct,” including selling controlled substances. “Criminal conduct” for purposes of the statutes include “conduct committed in any other jurisdiction which is or would be a crime under the laws” of the home state.

New York, for example, provides an exception for crimes consummated in another state where the relevant conduct is legal. However, the application of such exception in this context is untested and remains uncertain. The crime of receiving in New York the proceeds of Colorado cannabis sales (unlike the crime of conspiring in New York to sell cannabis in Colorado) could involve a crime that is consummated in New York, where the financial transaction takes place. Regardless, the underlying crime of selling cannabis remains illegal under federal law.

c. Criminal and Civil Forfeiture

As entities that invest in or services a cannabis-related business, the Funds are potentially subject to state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for a state (or local police force) that wants to discourage residents from conducting transactions with cannabis-related businesses but considers criminal prosecution excessive or disproportionate under certain circumstances. Also, an individual can be required to forfeit property that is the proceeds of a crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the standard in a criminal matter. Depending on the state’s laws, rather than having to establish liability beyond a reasonable doubt, the state may be

required to prove that the money at issue is proceeds of a crime only by either clear or convincing evidence or a mere preponderance of the evidence.

The Federal Government May Change the Classification of Cannabis. The ability of portfolio companies to compete in the future will depend not only on the effectiveness of their business models and the value of their intellectual property and proprietary and licensed technology, but also on legal developments impacting the cannabis industry. Cannabis is currently classified as a Schedule I controlled substance under the Controlled Substances Act and as such is subject to the strictest possible controls. If the federal government reclassifies cannabis as a Schedule II controlled substance or otherwise permits cannabis to be sold on a federal level or in interstate commerce, the Funds and their portfolio companies may face greatly increased competition from new entrants into the cannabis industry, many of which may be larger and better capitalized, including pharmaceutical companies, consumer packaged goods companies, and tobacco companies, and there may be a resulting negative impact on the Funds' profitability and financial results.

Enhanced Scrutiny by Securities Regulators. The Funds may seek to facilitate the acquisition of a portfolio company by a cannabis company that has publicly traded equity and/or debt securities, in which case the Funds may receive publicly traded securities of the acquiring company as part of any such transaction. In addition, one or more portfolio companies may conduct an initial public offering of its equity securities. As a stockholder of a publicly traded cannabis company, the Funds may be subject to special risks currently associated with such companies, including those arising out of the enhanced scrutiny by securities regulators.

Publicly traded cannabis companies have been subject to increasing scrutiny by various federal and state securities regulators due to the expanding legalization of cannabis under state laws and recent negative publicity regarding alleged stock scams and market manipulation involving certain cannabis companies. Because publicly traded cannabis companies can often be small, and experience significant price volatility, the SEC has been particularly vigilant in initiating enforcement actions against a cannabis company at the first sign of concern over the company's public reporting or securities trading. The SEC and FINRA have both issued alerts concerning the risks of investing in publicly traded cannabis-related companies. The SEC's scrutiny also extends to the directors and executives of cannabis companies. Since Navy has and intends to seek board representation and management roles in the portfolio companies in which the Funds invest and may seek similar positions in an acquiring cannabis company, there is a risk that one of the principals or other key management personnel may become involved in regulatory or civil actions. If the SEC or a state securities agency decided to focus its attention on cannabis companies, any regulatory action against a portfolio company in which the Funds invest would take the time and attention of the company's management personnel away from the business of the portfolio company and potentially result in significant legal fees and financial penalties which could adversely affect the returns of the Funds.

The significant market volatility and negative reputation of some publicly traded cannabis companies may also adversely impact the potential for any portfolio company in which the Funds invest to initiate a public offering of its securities. A portfolio company seeking to engage in an initial public offering may not be able to identify a reputable underwriter willing to sponsor its offering or an exchange willing to list its securities for trading, and may not receive approval from the SEC to register its offering under the Exchange Act of 1934, as amended (the "*Exchange Act*").

Risks Associated with Investments in Foreign Cannabis Companies. The Funds may invest in portfolio companies in non-U.S. jurisdictions including but not limited to Canada, South America, the Caribbean and Europe. These investments are subject to all of the risks of investing in the cannabis industry generally as well as the risks associated with emerging markets and non-U.S. investments, and have additional heightened risks due to the different legal, political, commercial and social treatment of cannabis-related businesses in those non-U.S. jurisdictions. These risks include, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political,

and economic instability; the smaller size of the securities markets in such countries and the lower volume of trading may result in potential lack of liquidity and in price volatility; fluctuations in the rates of exchange between currencies and costs associated with currency conversion; differences in withholding and other taxation and certain government policies that may restrict or impede the Funds' investment opportunities. In addition, accounting and financial reporting standards that prevail in non-U.S. countries generally are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in, and governments of, non-U.S. countries than is available to investors in companies located in the United States. As a general rule, there is less regulation of the securities markets in non-U.S. countries than there is in the United States.

Non-U.S. portfolio companies in which the Funds invest will be subject to the laws and regulations governing the sale and use of cannabis and cannabis-related products and services in the jurisdictions in which they operate or have their principal place of business, which may be less developed than the laws and regulations in the United States, or which may impose more burdensome restrictions that prevent the portfolio companies from fully implementing their business strategies.

The operation of cannabis-related businesses in non-U.S. jurisdictions may also be subject to greater governmental involvement and control as well as an increased possibility of interference by organized crime and/or public corruption. Portfolio companies may be required to acquire and maintain various licenses and registrations from local governmental agencies to operate cannabis-related businesses within the non-U.S. jurisdiction. The requirements for such licenses and registrations may be subject to change without notice by the local governmental agencies so there can be no guarantee that the portfolio companies will be able to maintain all necessary licenses and registrations to continue operating their businesses.

Because the use and sale of cannabis is illegal under U.S. federal law and may be illegal in certain non-U.S. jurisdictions, portfolio companies which transport cannabis or cannabis-related products across international borders, including the United States, may be subject to criminal penalties, including fines, forfeiture and incarceration of management or other personnel, for violating federal or foreign drug trafficking laws. In addition, (i) the use of the U.S. banking system or certain non-U.S. banking systems to transfer proceeds derived from cannabis-related businesses could be a violation of federal or foreign anti-money laundering laws and (ii) a finding by a U.S. or foreign court that a portfolio company employee has engaged in the bribery of a foreign official could be a violation under the U.S. Foreign Corrupt Practices Act or related foreign laws. Any prosecutorial action against any portfolio companies in which the Funds invest could adversely affect the investment returns of the Funds.

Before investing in any cannabis-related company organized or operating in any non-U.S. jurisdiction, Navy will consult with local counsel, as needed, and other experts in order to minimize the possibility that such investment will expose Navy, the Funds and their respective affiliates to the risk of prosecution for violating any foreign or international laws. However, there can be no assurance that any such risk can be completely mitigated despite such efforts in the event of a sudden change in local or international law, political regime, or regulatory interpretation. If a foreign or international authority brings an action or suit against the Navy, the Funds and/or their affiliates for violating any laws or regulations, the costs of defending any such action or suit may be substantial, even if the Funds ultimately prevails in its or their defense.

The Funds' investments in this sector are dependent on the continued market acceptance, and the proliferation of consumers, of medical and recreational cannabis. However, in addition to regulatory challenges, Navy cannot predict the future growth rate or future market potential, and any negative outlook on the cannabis industry may adversely affect the Funds' investments.

Cannabis Regulation Internationally. The United Nations Single Convention on Narcotic Drugs of 1961 (the "**1961 Convention**") and the Convention on Psychotropic Substances of 1971, to which most nations

of the world are parties, categorize substances on four schedules, according to their medical value and risk to public health and generally prohibit production and supply of specific substances. Until December 2, 2020, cannabis and cannabis resin had been listed on both Schedules I and IV of the 1961 Convention. Schedule IV is a classification of drugs with “particularly dangerous properties”, including narcotics such as fentanyl, heroin and other opioids. In January 2019, the Director General of the World Health Organization (the “*WHO*”) recommended to the Secretary General of the United Nations that cannabis extracts and tinctures be removed from Schedule IV, so as to facilitate research for medical and scientific purposes, but remain on Schedule I, which is the least restrictive classification under the 1961 Convention. The WHO also recommended that preparations containing predominately CBD and up to 0.2% THC not be under international control. On December 2, 2020, the UN Commission on Narcotic Drugs voted in favor of removing cannabis and cannabis resin from Schedule IV of the 1961 Convention but not the other recommendations.

Canada. Medical use of cannabis was introduced at the initiative of the Canadian national health system through regulations promulgated in 2001. These regulations were updated in 2014 in the form of the Marijuana Medical Purposes Regulations (the “*MMPR*”). Under the MMPR, legal medical cannabis production is authorized to licensed producers, and patients wishing to fulfill a medical cannabis prescription must register with and order from a licensed producer. Bill C-45 (the Cannabis Act) and companion Bill C-46, both of which became effective on October 17, 2018, legalized adult-use of cannabis nationwide. While cannabis has been legalized at the federal level in Canada, each of Canada’s 13 provinces and territories retain oversight over various aspects of regulation, such as age limits, driving limits, and the supply of cannabis to distribution centers.

Europe. Regulation of cannabis in Europe remains a patchwork of different rules that vary by country, although the trend is toward legalization and regulated use. Currently, all European Union Member States treat the possession of cannabis for personal use as an offence. One third of EU Member States have removed imprisonment as a penalty for minor offences and some others have issued guidelines which encourage the imposition of alternative penalties. In recent years, some countries, such as Croatia, Denmark, Germany, Italy, Macedonia, Portugal, Romania and Serbia, have implemented medical programs which permit the use of cannabis or cannabis-derived medicines in some form. Others such as Belgium, The Netherlands and Spain allow individuals to grow a limited number of plants at home for personal use and also have medical use regulations. Since 2017, herbal cannabis and cannabis oils have been offered for open sale in retail stores in several EU countries, such as France, Italy, Luxembourg and Austria.

Uruguay. In 2017, Uruguay became the first country in the world to authorize the use and commercial distribution of cannabis for adult-use. The creation of the Institute for the Regulation and Control of Cannabis (IRCCA) in Uruguay created a unique regime that provides for the legal production and sale of cannabis for medical purposes and adult-use, but under complete government control of the entire value chain. Foreigners cannot buy cannabis in Uruguay and it is illegal to move it across international borders.

Israel. In December 2020, Israel laid out a roadmap to fully legalize the adult-use of cannabis for its citizens which is currently decriminalized when used in private, although full legalization now seems unlikely given the current make up of Israel’s legislature. Instead, the legislature is expected to approve regulations expunging the criminal records of those convicted of personal possession or use of marijuana. Israel has been a pioneer in cannabis research and has made medical cannabis available to patients since the early 1990s for pain-related illnesses such as Parkinson's disease, multiple sclerosis, Crohn’s disease, other chronic pain and post-traumatic stress disorder.

Multi-Sector Investment Strategy. The Funds’ current investment strategies are to invest in portfolio companies operating in various markets in the cannabis industry in a variety of geographic locations. Accordingly, the Fund will be required to maintain expertise, relationships and market knowledge across a broad range of businesses and geographic regions, and will be subject to the market conditions affecting each portfolio company in various markets, including local regulations, economic climate, business layoffs,

industry slowdowns, changing demographics and local supply and demand issues affecting each such market. This multi-sector approach could require more management time, staff support and expense than an investment fund whose focus is dedicated to a greater extent on a single product type in fewer jurisdictions than is contemplated by the Funds.

Risks Associated with Market Competition. The businesses directly and indirectly involved in the medical and adult-use cannabis markets are competitive and evolving. In particular, the Funds' portfolio companies may face strong competition from larger companies that may be in the process of offering similar products and services. These current and potential competitors may have longer operating histories, significantly greater financial, marketing and other resources, and larger client bases than the portfolio companies.

In addition to competition among businesses within the cannabis markets, certain well-established businesses in traditional industries may also have a strong economic opposition to the success of the portfolio companies and to the growth of the cannabis industry generally. For example, medical cannabis will likely adversely impact the mainstream pharmaceutical industry should cannabis displace certain prescription drugs or otherwise encroach on the pharmaceutical industry's products or services. Prominent businesses in well-established industries, such as the pharmaceutical, tobacco, and alcoholic beverage, may be drawn to enter the adult-use cannabis business if more states opt to legalize adult-use cannabis and thereby create a larger market. These businesses are likely to utilize their substantial financial resources, political influence, recognizable brand names, and established marketing and distribution systems. For instance, portfolio companies focused on the adult-use cannabis market could be adversely impacted by the development and introduction of competing products by tobacco companies attempting to expand their customer base while portfolio companies focused on the medical cannabis market could lose business to pharmaceutical companies seeking to expand their product portfolios. Alternatively, studies have noted a correlation between the availability of adult-use cannabis and the decrease in use of alcoholic beverages in states which have legalized cannabis. The pharmaceutical, tobacco, and alcoholic beverage industries are well-funded with strong and experienced lobbies that far exceed the funding of the cannabis industry. Any inroads the pharmaceutical, tobacco, and alcoholic beverage industries could make in impeding the emerging cannabis industry could have a detrimental impact on the investment returns of the Funds.

Given the rapid changes affecting the global, national, and regional economies generally and the medical and adult-use cannabis markets in particular, the portfolio companies may not be able to create and maintain a competitive advantage in the marketplace. Each portfolio company's success will depend on its ability to respond to any changes in its markets, especially with legal and regulatory changes, as well as changes in the economy, market conditions, and competitive pressures. Any failure by a portfolio company to adequately anticipate or keep pace with such changes could have a material adverse effect on the portfolio company's financial condition, operating results, liquidity and cash flow and, consequently, the investment returns of the Funds.

Limited Access to Insurance. The Funds' portfolio companies may face increased costs for insurance, such as workers compensation, general liability, and directors and officer's insurance, that is otherwise readily available to traditional businesses. There are no guarantees that portfolio companies will be able to find such insurance in the future, or that the cost will be affordable. Standard commercial general liability (CGL) insurance policies contain common exclusions for Schedule I controlled substances, banned substances or other substances that constitute a "health hazard". As a result, these policies are often not adequate to protect a policyholder in the cannabis industry. While a small number of insurance carriers are writing CGL policies that will provide adequate coverage to participants in the cannabis industry, cannabis businesses may struggle to secure adequate insurance either because insurers will simply not write the policies or, if a policy is obtained, the aforementioned standard policy exclusions will render coverage illusory. If a portfolio company is forced to operate without insurance or without adequate insurance, it may, as a result, be prevented from entering certain profitable business sectors and be exposed to additional risks and financial liabilities.

Furthermore, even if an insurance policy provides suitable coverage for cannabis-related risks, the coverage may not be enforced by the courts if deemed to be in violation of public policy.

Originally introduced in March 2018, the Clarifying Law Around Insurance of Marijuana (CLAIM) Act of 2021 (the “**CLAIM Act**”) was re-introduced in the Senate in March 2021 to coincide with the re-introduction of the SAFE Banking Act. In summary and similar to the SAFE Banking Act, the CLAIM Act “create[s] a safe harbor for insurers engaging in the business of insurance in connection with a cannabis-related legitimate business, and for other purposes.” If passed, the CLAIM Act would prohibit federal agencies from penalizing or discouraging a company in the business of insurance from transacting with cannabis-related businesses that are operating in compliance with state and local law. The CLAIM Act would ensure that cannabis businesses operating in compliance with state laws have access to insurance products such as worker’s compensation, property, casualty and title insurance. The fate of the CLAIM Act remains to be seen as it makes its way through the legislative process.

Licensing Requirements for the Cultivation, Processing and Distribution Vary from State to State. Most of the Funds’ U.S.-based portfolio companies are required to obtain and maintain a separate license or registration for each state in which they operate in order to be able to cultivate, manufacture, distribute or sell cannabis and cannabis-derived and related products. If a portfolio company fails to obtain or maintain the required state or local licenses, it will be unable to conduct business. Failure to secure or maintain required state or local licenses, or unanticipated delays in obtaining those licenses or other regulatory approvals, could occur for a variety of reasons. Failure by one or more portfolio companies to meet all necessary requirements and to obtain all necessary approvals or licenses could have a material adverse effect on the Funds’ business, prospects, financial condition and operating results.

Reliance on Management Service Agreements. Certain of the Funds’ investments and portfolio companies engage in the cannabis business through management service agreements entered into with state-licensed entities. If those agreements are found to be invalid or unenforceable, or are terminated by the counterparty, this could have a material adverse effect on the business, prospects, financial condition and operating results of the Fund and its investments.

Product Liability and Other Claims and Actions. Because the products of certain of the Funds’ portfolio companies will be consumed or otherwise used by humans or animals, injury could result therefrom, thus exposing those portfolio companies to the risk of product liability claims. Cannabis products manufactured, distributed and/or sold by portfolio companies may become contaminated (during storage or transportation, for example) or may be tampered with by third parties, creating a risk of injury to consumers. In addition, as treatment and dosing protocols for medical cannabis are still evolving, patient under-dosing or overdosing may occur, resulting in adverse patient reactions. Federal illegality precludes the availability of long-term studies on the safety and efficacy of cannabis use. Portfolio companies may face product liability claims as a consequence of, among other things, any of the aforementioned. Any such claims, regardless of whether they are successful, may result in significant costs or damage to a portfolio company’s reputation with patients and consumers, with a consequent material adverse effect on the portfolio company’s contributions to the Funds’ financial condition. There can be no assurance that they will be able to maintain this insurance on acceptable terms or that this insurance will be available to them or will provide adequate protection against liabilities resulting from potential product liability claims.

Consumer Class Actions. As the cannabis industry grows, and companies in the industry become larger with significant assets and as insurance for such companies becomes more available, there comes a much greater risk of consumer class action lawsuits against such companies. The Funds’ portfolio companies are vulnerable to class actions because state regulations are generally very onerous making it easy for plaintiff lawyers to identify a product that is technically adulterated, contaminated or mislabeled and then file a consumer class action under state consumer protection laws. A consumer class action brought against a portfolio company could have a materially adverse effect on the financial condition of such portfolio company

and that of the Funds.

The Success of the Funds' Portfolio Companies Depends on their Ability to Attract and Retain Technical Personnel, Sales and Marketing Personnel and Other Skilled Management. The success of the Funds' portfolio companies, and thus the success of the Funds, depends to a significant degree upon the portfolio companies' ability to attract, retain and motivate highly skilled and qualified personnel. Failure to attract and retain necessary technical personnel, sales and marketing personnel and skilled management could adversely affect the business of the portfolio companies, and thus of the Funds. If the portfolio companies fail to attract, train and retain sufficient numbers of these highly qualified people, then their prospects, business, financial condition and results of operations will be materially and adversely affected, with consequent adverse results for the Funds.

Competition for the Acquisition of Properties Suitable for Growing, Processing, or Distributing Cannabis by Businesses Licensed to Engage in Such Activity Under State Law May Impede the Funds' and the Portfolio Companies' Activities. The Funds' portfolio companies may face competition for the acquisition of properties suitable for the cultivation, processing and dispensing of cannabis with other entities engaged in agricultural and real estate investment activities, including corporate agriculture companies, other cultivators and producers of cannabis, real estate companies, retail businesses and private real estate investors. The availability of suitable properties may also be restricted as a result of local zoning rules, which may prohibit the establishment of cannabis-related businesses in specific localities, regardless of whether such businesses are duly licensed under state law. Competitors for available real estate may prevent the Funds' portfolio companies from acquiring desirable properties or may cause an increase in the price paid to lease or purchase properties. In addition, due to a number of factors, including but not limited to greater clarity of the laws and regulations governing medical-use cannabis by state and federal governments, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If the Funds' portfolio companies pay higher prices for real estate, the Funds' profitability may decrease, and the Fund may have a lower return on investment.

Agricultural Risks. Cannabis is an agricultural product. There are risks inherent in the cultivation business, such as insects, plant diseases, and similar agricultural risks. Although the cannabis plants are usually grown indoors and in green houses under climate-controlled conditions, with conditions monitored, there can be no assurance that natural elements will not have a material adverse effect on production and, consequentially, on the business, financial condition and operating results of the Partnership's portfolio investments. Cannabis growers may also be subject to complaints and litigation or threats of litigation based on claims such as for noise, odor, negative impact on property value, and impact on soil quality and nearby crops.

The foregoing list of risk factors is for illustrative purposes only and does not purport to be a complete analysis or explanation of all the risks associated with Navy's investment strategies and, as applicable, with an investment in the Funds. Prospective investors in a Fund should read the relevant Fund's Governing Documents for a more detailed list of risk factors applicable to that particular Fund and consult with their own advisors before deciding whether to invest in such Fund.

ITEM 9 DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Navy's advisory business or the integrity of its management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Navy nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Navy nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or are an associated person of any of the above.

Navy Capital Green Management Partners, LLC (“NCGMP”), an affiliate of Navy, serves as general partner of the Green Fund. Navy Capital Green Co-Invest Partners, LLC (“NCGCP”), an affiliate of Navy, serves as the managing member of the Co-Invest Fund. None of NCGMP, NCGCP nor Navy are registered, or have filed for exemptions from registration, as a commodity pool operator or a commodity trading advisor, as applicable, under the United States Commodity Exchange Act, as amended.

Navy, its affiliates and its personnel will devote as much time to their time to the activities of the Funds as they deem necessary and appropriate. Navy, its affiliates, and its personnel are not be precluded from engaging directly or indirectly in any other business or other activity, including exercising investment advisory and management responsibility and buying, selling or otherwise dealing with securities and other investments for their own accounts, for the accounts of family members, for the accounts of other funds and for the accounts of individual and institutional clients (collectively, “Other Accounts”); provided that Navy’s employees are subject to a policy that restricts them from making any investment in the cannabis industry for their own account without the prior written approval of Navy’s Chief Compliance Officer, except through an investment in the Funds or other pooled investment vehicle managed by Navy or its affiliates (with the exception of any investments in the cannabis industry a Navy employee made prior to becoming an employee of Navy). Such Other Accounts may have investment objectives or may implement investment strategies similar to those of the Funds. Navy and its affiliates may also have investments in certain of the Other Accounts and may give advice and take action in the performance of their duties to their Other Accounts that could differ from the timing and nature of action taken with respect to the Funds.

Navy Capital, LLC, an affiliate of Navy, serves as the proprietary trading vehicle for Sean Stiefel and John Kaden. Trading shares in companies with no cannabis exposure is executed at the sole discretion of Sean Stiefel. The trading activity is subject to the preapproval and reporting requirements outlined in the Code of Ethics as discussed in Item 11.

Navy has established, and may establish in the future, a special purpose vehicle to serve as a shareholder representative in connection with an investment by the Funds in a private company. Such vehicle does not receive investment advice from Navy or any form of compensation from Navy or the Funds and is not considered a separate client of Navy.

Navy does not recommend or select other investment advisers for its Clients.

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

High ethical standards are essential to Navy's success and to maintain the confidence of Clients. Navy believes that its long-term business interests are best served by adherence to the principle that Clients' interests come first. In recognition of Navy's fiduciary obligations to its Clients and Navy's desire to maintain its high ethical standards, Navy has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act which sets forth, among other things, policies and procedures governing employees' personal securities transactions, the giving and receipt of gifts and entertainment (including to government, union and pension representatives), political contributions, outside activities, and the treatment of confidential information (including material non-public information). The Code of Ethics establishes a standard of conduct and is designed to foster compliance with applicable law and regulatory requirements, and to promote a culture of high ethical standards, which applies to all partners, officers, directors and employees of Navy, as well as all natural persons (whether or not employed by Navy) who are subject to Navy's supervision and control who (i) have access to nonpublic information regarding Clients' purchase or sale of securities, (ii) are involved in making securities recommendations to a Client, or (iii) have access to securities recommendations to a Client that are nonpublic.

Navy will provide a copy of the Code of Ethics to any current or prospective Fund investor or separately managed account Client upon request.

Personal Trading

Navy personnel are required to seek pre-approval for all personal investments other than investments in certain non-reportable securities (as defined in the Code of Ethics) in order to prevent the existence of, or appearance of, any potential or actual conflicts of interest in this respect. The Code of Ethics requires employees to report personal transactions on a periodic basis, submit initial and annual personal account holdings reports, and certify their compliance with the Code of Ethics on an annual basis. Navy monitors adherence to this policy by periodically reviewing employee account statements.

Navy's founders have established and own 100% of Navy Capital, LLC (as discussed in Item 10), through which they maintain a proprietary account that engages in a similar business as the Funds, and it may from time to time utilize some of the resources available to Navy and the Funds (including Navy employees) to conduct its business and may benefit from certain business relationships established and maintained by the Funds (including but not limited to trading relationships); however, this proprietary account does not engage in the same investment strategy and does not invest in the same securities that the Funds invest in. The time that any Navy employee or principal dedicates to such entity is immaterial relative to time dedicated to Navy.

Gifts and Entertainment

The Code of Ethics prohibits Navy employees from giving a gift to, receiving a gift from, or giving or accepting entertainment to or from certain third parties if such gift or entertainment is likely to compromise the independence of its recipient or his/her judgment and is likely to cast doubts over his/her integrity or to seem disproportionate to the business relationship. Certain limits, reporting requirements and prohibitions have been established with respect to giving and the receipt of gifts above certain thresholds.

Political Contributions

Navy places restrictions on political contributions by the firm and its employees. Political contributions are permitted only in compliance with Rule 206(4)-5 under the Advisers Act (relating to pay-to-play activities) and corresponding local laws and regulations. Navy employees are required to pre-clear all political

contributions.

Outside Activities

Navy employees are encouraged to engage in worthy activities for their community or personal development. Such activities, however, should not impair the working efficiency or responsibilities of the individual. Navy employees may from time to time be asked to serve as an adviser, consultant, or employee or engage in other forms of participation in other companies or organizations. Additionally, certain Navy employees currently serve on the Board of Directors of companies in which the Funds are invested. Board fees earned will offset the Management Fee payable by the Funds. For this purpose, with respect to any options granted, the value of such options as of the date of such grant will offset the Management Fee payable by the Funds after such options are exercised. Because such commitments may involve substantial responsibilities, or they may present actual or apparent conflicts of interest, Navy employees are required to obtain written approval prior to accepting such positions.

Insider Trading/Material Non-Public Information

Navy maintains an Insider Trading Policy that includes policies and procedures that are designed to detect and prevent the misuse of material, non-public information by Navy and its officers, directors and employees. In accordance with these policies, to prevent trading of public securities based on material, non-public information, Navy maintains and updates as needed a “restricted” securities list of companies about which Navy personnel have material, non-public information.

Interests in Client Transactions

Navy and/or affiliates of Navy have an interest in one or more of the Funds. In addition, certain members, directors, officers and employees of Navy and its affiliates are permitted to own, buy and/or redeem interests in the Funds. As a result, Navy and such members, directors, officers and employees have an interest in the investments that may also be recommended to Clients. Such members, directors, officers and employees may be in possession of information relating to the Funds that is not available to other investors in the Funds. The size and nature of such investments in the Funds will change over time without notice to the investors in Funds. Investments by members, directors, officers and employees in the Funds could incentivize such employees to increase or decrease the risk profile of the Funds.

Subject to internal compliance policies and approval procedures designed to address any conflicts of interest that may arise, Navy and its related persons may engage, from time to time, in personal trading of securities and other financial instruments, including securities and financial instruments in which a Client may invest. To the extent a related person invests in a security that is held by or recommended to a Client, a conflict of interest arises as the reason for making such recommendation to a Client could be to benefit the related person (i.e. by increasing the value of the security) rather than it being in the best interest of the Client. Navy’s Code of Ethics has various procedures, including pre-approval, to address these and other potential conflicts of interest.

It is Navy’s policy to allocate investment opportunities to Clients on a fair and equitable basis, to the extent practical and in accordance with Clients’ applicable investment strategies and terms, over a period of time. In determining whether participation by Client in an investment opportunity is appropriate, Navy takes into account, among other considerations: (a) whether the risk-return profile of the proposed investment is consistent with the objectives of the Client, which objectives may be considered (i) solely in light of the specific investment under consideration or (ii) in the context of the Client portfolio’s overall holdings and available capital; (b) the potential for the proposed investment to create an imbalance in the portfolio of the Client; (c) liquidity requirements of the Client; (d) potential tax consequences; (e) legal or regulatory restrictions; (f) the need to re-size risk in the portfolio of the Client; and (g) whether the Client and/or other

Client have a substantial amount of investable cash (e.g., during a “ramp-up” period). Notwithstanding the foregoing, there can be no assurance that an investment opportunity which comes to the attention of Navy and its affiliates will be allocated to a Client.

ITEM 12 BROKERAGE PRACTICES

Navy has sole discretion to determine, subject to each Client's investment objectives, policies and strategies, the securities to be purchased and sold and in what amounts, the brokers, dealers or other counterparties to use in effecting transactions and the commission rates, if any, to be paid for such transactions. In selecting brokers, dealers and counterparties, Navy will seek to obtain "best execution" by attempting to ensure that the total cost or proceeds of any transaction for a Client is the most favorable under the circumstances. Navy has established a Best Execution Committee which meets periodically to review, among other things, a list of approved counterparties.

Navy invests primarily in equity securities of issuers engaged in the legal cannabis industry. Because the business of cultivating, processing, and selling cannabis is currently prohibited by U.S. Federal law, there are a limited number of participants in trading and banking of cannabis industry company issuers and therefore liquidity is generally less than other financial markets. Therefore, the number of counterparties with whom Navy can transact is generally limited. Navy's best execution policy focuses on both quantitative and qualitative factors when taking into consideration the full range of brokerage services provided by counterparties. The full range of brokerage services applicable in a particular transaction may be considered when making this judgment, which may include, but is not limited to the:

- ability of the broker/dealer to minimize costs associated with implementing investment decisions;
- speed and/or likelihood of execution and settlement;
- communication links between the broker/dealer and Navy;
- adequacy of the information provided to Navy by the broker/dealer;
- accommodation of special needs by the broker/dealer;
- broker/dealer commission rates;
- the availability, as well as the quality and suitability, of electronic trading platforms and algorithms;
- administrative ability (including settlement processing);
- responsiveness of the broker/dealer;
- financial strength, reputation and stability of the broker/dealer;
- ability of the broker/dealer to handle large and/or complex transactions; and
- knowledge of other buyers and sellers as well as the particular security or market in which the transaction is to occur.

In addition, brokers (including prime brokers) may provide other services that are beneficial to Navy, but not necessarily beneficial to the Funds, including, without limitation, consulting with respect to technology, operations or equipment, capital introduction, marketing assistance, access to deal flow and other services or items. Such services and items may influence Navy's selection of brokers.

Certain brokers and dealers selected by Navy provide or agree to provide Navy with "soft dollar" credits which Navy uses to purchase certain brokerage and research and other services. These services or products would otherwise only be available to Navy for a cash payment. The availability of these non-monetary benefits may influence and create an incentive for Navy to select one broker rather than another to perform services for the Clients, which may create a potential conflict of interest in that Navy may pay higher commissions to such firms if Navy determines such prices or commissions are reasonable in relation to the overall services provided in return for items that would otherwise be an expense of Navy and could be viewed as additional compensation to Navy. The use of commissions or "soft dollars," if any, generated by a Client to pay for brokerage-and research-related products or services, if any, will fall within the safe harbor created by Section 28(e) of the Exchange Act ("Section 28(e)"). "Soft dollar" research-related goods and services (collectively, "soft dollar items") used by Navy in making investment decisions

may include, but are not limited to, research reports on particular industries and companies, recommendations as to specific securities, certain other research services, and other goods and services providing lawful and appropriate assistance to Navy in the performance of its investment decision-making responsibilities. Soft dollar items may be used by Navy for itself and/or in servicing some or all of its clients. In addition, some soft dollar items may not necessarily be used by a Fund even though its commission dollars (or other transaction charges) provided for the soft dollar items. Where a product or service obtained with soft dollars provides both brokerage and research and brokerage and non-research assistance to Navy (e.g., a “mixed use” item), Navy will make a reasonable allocation of the cost that maybe paid for with soft dollars.

Navy will typically aggregate sale and purchase orders of securities on behalf of Clients if Navy believes that such aggregation is reasonably likely to result in an overall benefit to the applicable Clients based on an evaluation of factors in Navy’s sole discretion. When the same investments are purchased or sold for one or more Clients, the general policy is to purchase or sell the investments as a block transaction, and to allocate such investments or proceeds to the participating accounts at the price paid per unit allocated. The principles employed are: (i) allocation of each investment to each individual account shall be broadly determined with regard to the investment guidelines and investment policies applicable to each individual account; (ii) dealing for different Clients in the same investment at the same time shall be aggregated and traded as a block to the extent possible; and (iii) each aggregate allocation shall be allocated at the unit price paid to all participating accounts.

A Client advised by Navy may or may not follow an investment program that is the same as or similar to the investment program of one or more other Clients. Accordingly, it is Navy’s policy to recommend the allocation of investment opportunities fairly and equitably as measured over time according to each participating portfolio’s size and risk profile to mitigate that risk that any Client is favored with respect to the selection of investments or timing of purchase or sale of investments over another Client. In allocating an aggregated transaction, the following is a non-exhaustive list of criteria that are taken into account: (i) the terms of the participating accounts’ investment guidelines; (ii) the value of each of the participating accounts (omitting any resulting allocations that would be too small to be reasonably marketable or disproportionate to the needs of any portfolio); and (iii) Navy’s assessment of the participating accounts’ tolerance for investment risk.

In addition, to the extent permitted by applicable law and subject to Navy’s compliance policies and procedures and Client investment guidelines, Navy may, from time to time, recommend that a Client enter into a cross trade (a transaction for the purchase or sale of a security or other financial instrument) with another Client for purposes of portfolio re-balancing, or otherwise. A cross trade may be deemed a principal transaction if Navy and certain persons associated with Navy own a substantial portion (in excess of 25%) of one or both of the Clients participating in the cross trade. Cross trades present a conflict of interest because Navy represents the interests of both the selling account and the buying account in the same transaction and may have a financial incentive to favor one Client account over the other due to different fee arrangements or otherwise. This conflict may be greater in cases of principal transactions as Navy has an incentive to favor the affiliate. If Navy decides to engage in a cross trade, it will determine that the trade is in the best interest of both Clients involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients. Navy will not recommend that a Client enter into a cross trade that is deemed a principal transaction without obtaining proper approval and otherwise in accordance with applicable requirements of the Advisers Act, Navy’s compliance policies and procedures and Client investment guidelines.

Navy does not intend to engage in agency-cross transactions. Agency cross transactions typically arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

ITEM 13 REVIEW OF ACCOUNTS

Each Client account is reviewed on a continuing and ongoing basis by Navy's investment team to ensure conformity with Client objectives and guidelines. In addition, all accounts are reviewed in light of emerging market trends and market volatility.

The Green Fund and Offshore Fund have appointed an independent administrator that reviews security valuations on a monthly basis. The administrator for each such fund reconciles positions and cash details with Navy and the custodians on a monthly basis. The Co-Invest Fund and Holdings, LLC have not engaged an independent administrator, and Navy serves as its administrator. With respect to the Co-Invest Fund and Holdings, LLC, Navy is responsible for reviewing valuations and reconciling positions and cash on a periodic basis.

Navy has also engaged an independent public accounting firm to conduct annual audits of the Funds. As part of the annual audit process, the accounting firm independently verifies certain security prices confirms the Funds' ownership of investment assets.

Investors in the Green Fund and Offshore Fund will receive written monthly unaudited performance reports, quarterly performance reports and annual audited financial statements. Investors in the Co-Invest Fund receive unaudited reporting upon request along with annual audited financial statements. Investors in Holdings LLC will receive unaudited quarterly reporting along with annual audited financial statements. Investors also receive certain tax information for preparation of investors' tax returns. Certain investors in the Funds may receive additional information and reporting that other investors may not receive.

The investment team is generally available to Fund investors and Clients on a regular basis to discuss their accounts.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

Navy does not receive any monetary compensation or any other economic benefit from a non-client for Navy's provision of investment advisory services to a Client.

Neither Navy nor any of its related persons, directly or indirectly, compensate any person who is not a supervised person, including placement agents, for Client referrals.

ITEM 15 CUSTODY

While Navy does not maintain physical custody of Clients' assets, Navy is deemed, under the Advisers Act, to have custody of the assets of Funds because of the authority of Navy affiliates (in their capacity as general partners/managing members of such Funds) over the accounts and assets of such Funds. Such Fund assets are held at a qualified custodian (unless otherwise exempt from such requirement). Navy relies on the annual audit exception for investment funds provided under Rule 206(4)-2 under the Advisers Act with respect to the Funds. Each Fund is audited annually by an independent public accountant that is both registered and inspected by the Public Company Accounting Oversight Board. Audited financial statements of the Funds are distributed to investors in the Funds within 120 days of each Fund's fiscal year end. Investors in the Funds are urged to carefully review such statements and compare them to account information that Navy provides.

ITEM 16 INVESTMENT DISCRETION

Pursuant to the terms of the relevant Investment Management Agreement, Navy has full discretion (unless agreed to otherwise) over all aspects of the Funds it manages and the brokers, dealers and other counterparties with whom it does business. Any restrictions with respect to a particular Client are set forth in such Investment Management Agreement and the relevant Governing Documents.

Navy may, in the future, provide discretionary advisory services to other investment funds and/or separately managed accounts. Should it do so, it is anticipated that Navy will enter into an investment management agreement, or similar agreement, pursuant to which it will be granted discretionary authority.

ITEM 17 VOTING CLIENT SECURITIES

Navy has adopted written proxy voting policies and procedures intended to satisfy the requirements of Rule 206(4)-6 under the Advisers Act. Navy will vote proxy proposals, amendments, consents, or resolutions (collectively, “Proxies”) in the best interests of the applicable Client and in accordance with its Proxy Voting Policy. Navy generally votes routine Proxies in accordance with the recommendations of company management. Routine Proxies include votes on the approval of auditors, election of directors, name changes, stock splits, incentive compensation plans, minor amendments to organizational documents, and dividends. However, there are many complexities to Proxies, and Navy will vote against a proposal or recommendation of management if it determines that such a vote is in the best interests of each Client. Proxy votes that involve issues that Navy believes are more likely to have a material impact upon the value of an investment are voted on a case by basis by Navy. In some instances, it may be appropriate to abstain from voting (e.g., if the cost of a vote outweighs the benefits). In all cases, Navy shall maintain documentation of how each Proxy was voted. In certain cases wherein a Client has implemented a securities lending program, Navy will be unable to vote Proxies for securities on loan unless it issues instructions to call back the securities prior to the record date. Navy may choose to refrain from calling back such securities when the voting of the Proxy is not deemed material or the benefits of voting do not outweigh the cost of terminating the particular lending arrangement.

Conflicts of interest may arise between the interests of a Client, on the one hand, and Navy or its affiliates on the other hand. If Navy determines that it may have, or be perceived to have, a conflict of interest when voting proxies, it will vote in accordance with its Proxy voting policies and procedures.

Clients may contact Navy to obtain additional details and information on how proxies were voted and to request a copy of the Proxy voting procedures.

ITEM 18 FINANCIAL INFORMATION

Navy is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.