



Item 1 – Cover Page

Topwater Capital Partners, LLC

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Form A Part 2 A (“Brochure”) is required by the Investment Advisers Act of 1940 and is an important document between Topwater Capital Partners, LLC (“TCP”, “us”, “we”, “our”) and its Clients (“you”, “your”).

This Brochure provides information about our qualifications and business practices. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“CCO”), Susan Rubin, at the address and telephone number listed above, or via email to compliance@topwaterpartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any State Securities Regulatory Authority. TCP is a registered investment adviser with the SEC. TCP’s registration as an Investment Adviser does not imply any level of skill or training.

The oral and written communications provided to you, including this Brochure, contains information you can use to evaluate us. Additional information about TCP is available to you for free, through the SEC’s public disclosure website. This site is titled “Investment Adviser Public Disclosure” and is available at www.adviserinfo.sec.gov



Item 2 – Material Changes

There have been no material changes to this Brochure since the last update which was filed with the SEC in June 2012.

This Brochure contains certain changes from the last update that was filed with the SEC in June 2012. The only material changes that are reflected in this Brochure from the last update of our Brochure are as follows:

- Schedule A: Updated to include Timothy F. O’Shea as Chief Financial Officer of TCP.
- Item 4: Updated to reflect an increase in our regulatory assets under management.
- Items 5 & 6: Amended to reflect a change in the hurdle rate of the performance fee paid to TCP.

In future filings, whether required by the rules established by the SEC on an annual basis or whenever we make a material change, we will describe the material change in this section. For your reference, a material change is not a defined term; however, a material change is a change to our disclosure that is “material” to your evaluation of our business, company, management, and actual or potential conflicts of interest.



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Item 4 – Advisory Business

Firm Overview

TCP is a Delaware Limited Liability Company, formed in January, 2011. The only members of TCP are Bryan D. Borgia and Travis C. Taylor who each own 50%. TCP's principal place of business is located in South Norwalk, Connecticut. TCP is registered as an investment adviser with the SEC.

TCP serves as the non-discretionary investment advisor to Topwater Opportunity Qualified Fund, LP and Topwater Opportunity Fund, LP (each a "Fund" or collectively, the "Funds"). Freestone Investments LLC ("Freestone") is the general partner of the Funds. The Funds are multi-manager and multi-asset class hedge funds.

The Funds capitalize managed accounts and grant limited discretionary authority to third party investment advisors (each a "Managed Account Advisor") to manage various investment strategies on behalf of the Funds. Each Fund requires the managed account to have at least one (1) investor (each a "Managed Account Limited Partner") who may or may not be the Managed Account Advisor. The Managed Account Limited Partner is required to make an investment in the Fund. The Fund, the Managed Account Advisor, and the Managed Account Limited Partner enter into an investment advisory agreement outlining the following for the managed account:

- 1.) The investment objective
- 2.) The investment strategy
- 3.) The investment policies and restrictions
- 4.) The allocation of net profits and net losses
- 5.) The special performance fee earned by the Managed Account Advisor; and
- 6.) The termination provisions

Prior to 2011, Topwater Investment Management, LLC ("TIM"), an affiliate of TCP, provided the advisory services described in this brochure to the Funds.



Advisory Services

TCP's advisory services to the Funds are documented in separate written investment management agreements between TCP and the Funds. A summary of the services provided by TCP to the Funds are as follows:

- 1.) Identify, source, and recommend potential Managed Account Advisors
- 2.) Conduct due diligence on prospective and existing Managed Account Advisors
- 3.) Negotiate and recommend the terms of each investment advisory agreement with the Managed Account Advisor for review and approval by the Fund
- 4.) Assist with the documentation between the Fund, Managed Account Advisor and Managed Account Limited Partner
- 5.) Perform monitoring and oversight of the investment activities of each Managed Account Advisor
- 6.) Provide daily reports to the Fund
- 7.) Terminate a Managed Account Advisor with the prior consent of the Fund
- 8.) Terminate a Managed Account Advisor when certain breaches and performance triggers occur
- 9.) Assist with the liquidation of a managed account upon termination; and
- 10.) Identify, source and conduct due diligence on prospective and existing broker-dealer relationships for the Fund

Assets Under Management

As of December 31, 2012 TCP managed approximately \$410,900,000 in regulatory assets on a non-discretionary basis. TCP does not manage any client assets on a discretionary basis.



Item 5 – Fees and Compensation

Compensation

The Funds pay TCP for the advisory services referenced above as follows:

Management Fee: TCP is paid a one percent (1%) management fee (annualized) on the Fund's net asset value, excluding any portion of the net asset value attributable to the capital accounts of the Managed Account Limited Partners. TCP's management fee is charged quarterly, in arrears, and is payable thirty (30) days following the end of the quarter.

Performance Based Fee: TCP is paid a performance fee equal to ten percent (10%) of the Fund's net profits which exceed a six percent (6%) annualized return.

TCP's performance fee, if applicable, is charged annually, in arrears, and is payable fifteen (15) days following completion of the Fund's audited financial statements.

No performance fee is earned on the capital accounts of the Managed Account Limited Partners.

Generally, the fees referenced are not negotiable. However, under certain circumstances TCP may waive, reduce, or modify all or a portion of the management fee or performance fee at its discretion.

Expenses

Each Fund pays for its routine operating expenses, including but not limited to:

- 1.) Custodial fees
- 2.) Brokerage commissions
- 3.) Clearing fees
- 4.) Margin interest
- 5.) Short selling fees
- 6.) Applicable taxes
- 7.) Administration
- 8.) Financial audit



The Managed Account Limited Partners are not subject to administration and financial audit expense.

Please see Item 12 “Brokerage Practices” of this Brochure for more information regarding brokerage fees and charges.

Other Compensation

TCP and its employees do not receive compensation for the sale of securities or other financial products.

Item 6 – Performance-Based Fees and Side-By-Side Management

As stated in Item 5 “Fees and Compensation”, TCP is paid a ten percent (10%) performance fee on the net profits of the Fund which exceed a six percent (6%) annualized return. TCP’s performance fee, if applicable, is charged annually, in arrears, and is payable fifteen (15) days after completion of the Fund’s audited financial statements.

No performance fee is earned on the capital accounts of the Managed Account Limited Partners.

Item 7 – Types of Clients

As previously noted, TCP is an investment advisor providing non-discretionary investment services to the following funds:

- 1.) Topwater Opportunity Qualified Fund, LP
- 2.) Topwater Opportunity Fund, LP

Investors in the Funds are private hedge funds, high-net worth individuals, Freestone employees, TCP, and the Managed Account Limited Partners. TCP has no authority to admit or redeem investors in the Funds. As such, the underlying investors in the Funds are not TCP’s clients.

A number of requirements must be satisfied prior to becoming an investor in the Funds. An investor must generally be one of the following:



- 1.) An “accredited investor” as defined in Regulation D under the Securities Act of 1933; or
- 2.) Either a “qualified purchaser” as defined in the Investment Company Act of 1940 or a “knowledgeable employee” as defined in the regulations thereunder.

The Funds also require a minimum initial investment of \$500,000. However, this requirement may be waived by Freestone. More detailed requirements are described in the Offering Memorandums and Limited Partnership Agreements for each Fund.

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

Method of Analysis

The method of analysis utilized by TCP to provide advisory services to the Funds involves three (3) primary components:

- 1.) Evaluating potential Managed Account Advisors, considering among other factors, the following:
 - a.) Background checks
 - b.) Professional experience
 - c.) Historical performance
 - d.) Investment strategy
 - e.) Investment policies
 - f.) Investment securities
 - g.) Compliance infrastructure
 - h.) Operational infrastructure
 - i.) Investment capacity



2.) Monitoring the risk of the Managed Account Advisors, considering among other factors, the following:

- a.) Real time trading activity
- b.) Next day trade files
- c.) Investment exposures
- d.) Investment concentrations
- e.) Investment liquidity
- f.) Other risk metrics

3.) Monitoring the Managed Account Advisors compliance with the investment policies and restrictions as set forth in their respective investment advisory agreement.

Investment Strategies

A Fund's Managed Account Advisors may utilize a wide variety of investment strategies which include, but are not limited to, the following (each strategy is further described in the Fund's Offering Memorandum):

- 1.) Long/Short Equities
- 2.) Relative Value
- 3.) Long-Biased/Long Only Strategies
- 4.) Short-Biased/Short Only Strategies
- 5.) Merger or "Risk" Arbitrage
- 6.) Statistical Arbitrage
- 7.) Special Situations/Event-Driven Investing
- 8.) Fixed Income
- 9.) Options

While a Fund's Offering Memorandum may not subject a Managed Account Advisor to any formal limitations as to the investments permitted or strategies in effect, the investment advisory agreement contains specific restrictions, limitations and investment strategies.



Risks Involved

The success of a Fund is substantially dependent on the Fund's ability to select and allocate assets to Managed Account Advisors that successfully implement their investment strategies. No assurance can be given TCP's recommended Managed Account Advisors and their respective investment strategies will be successful. TCP's recommendation of a Managed Account Advisor relies heavily on historical information which is not an indicator of future investment performance.

An investment in the Funds involves a substantial risk of loss an investor should be prepared to bear. No guarantee or representation is made the investment objective of a Fund will be achieved. There are material risks associated with the investment strategies used by the Managed Account Advisors and with the partnership structure of the Funds. Investors and Managed Account Limited Partners should be aware any investment in the Funds is subject to significant risks, including the loss of all or a substantial portion of their investment.

Each Managed Account Advisor's ability to achieve the investment objective may be affected by a number and variety of risks, as summarized below. This summary does not attempt to describe all of the risks associated with the investment strategies employed by the Managed Account Advisors or the Funds.

- 1.) Equity risk
- 2.) Market risk
- 3.) Fixed income risks
- 4.) Extraordinary events
- 5.) Market liquidity risks
- 6.) Investment concentration
- 7.) Leverage
- 8.) Short sales
- 9.) Derivatives
- 10.) Increased regulations
- 11.) Foreign exchange risk



Furthermore, investors and Managed Account Limited Partners should be aware of the following additional risks involved with making an investment in the Funds.

- 2.) The illiquid nature of the Fund's partnership interests
- 3.) The investor's lack of control over the investment of the Fund's capital
- 4.) The possibility of magnified losses from the Fund's use of leverage
- 5.) The possibility of high levels of concentration with a specific Managed Account Advisor, investment strategy, or a particular investment
- 6.) The possibility of limited partner concentration and the potential impact of a substantial withdrawal from a Fund
- 7.) 8.) The additional layer of performance fees paid to the Managed Account Advisors
- 9.) A possibility of the unavailability of key personnel
- 10.) Ranging experience levels of the Managed Account Advisors; and
- 11.) Counterparty Risk with broker-dealers and other financial institutions

Managed Account Limited Partners should be aware their investments in the Funds contain numerous risks in addition to those mentioned above. Each Managed Account Limited Partner only participates in the net profits and net losses attributable to the managed account in which their investment was made. As a result, a Managed Account Limited Partner is not exposed to the performance of the Fund's other managed accounts. This may eliminate the benefits of diversification. Furthermore, the allocation of net losses in each managed account is disproportionately allocated to the respective Managed Account Limited Partner according to the terms of the Fund's Offering Memorandum and investment advisory agreement. This disproportionate allocation of net losses dramatically increases the risk of loss to the Managed Account Limited Partner.

For additional information, investors should carefully review the Fund's Offering Memorandum with particular emphasis on the investment strategy, risk factors, and conflicts of interest. In addition, Managed Account Limited Partners should carefully review the investment advisory agreement relating to the managed account in which they are invested.



Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the registered investment advisor or the integrity of its management. TCP has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

No manager or employee of TCP is affiliated with a broker-dealer in any capacity. Furthermore no employee has any pending application to be a registered representative of a broker-dealer.

No manager or employee of TCP is affiliated with or registered as a futures commission merchant, commodity pool operator, or commodity trading advisor. Furthermore, there are no pending applications to register.

Other Relationships

The members of TCP (Bryan D. Borgia and Travis C. Taylor) are the sole members of TIM which currently serves as the liquidation trustee to a number of private funds. These private funds are currently under liquidation which means they are closed to new investors and are in the process of liquidating their holdings. The funds in liquidation are:

Green Mountain Exclusive Fund, LLC
Green Mountain Finance Fund, LLC
Topwater Exclusive Fund, Ltd
Topwater Exclusive Fund III, LLC; and
Topwater Exclusive Fund IV, LLC

Travis Taylor, a member of TCP is also a manager of Monroe Capital, LLC (“Monroe”) which was formed to engage persons to purchase, originate, sell or otherwise dispose of mortgage loans on behalf of an unrelated Insurance Company. As such, Monroe selects and supervises loan servicers and enters into loan servicing agreements for servicing of mortgage



loans. TCP and Monroe do not share advisory responsibilities to the Funds nor do they have investors in common.

Adviser Selection

TCP, as part of its service to the Funds, provides sourcing, conducts due diligence, and recommends potential Managed Account Advisors to the Funds. The compensation for these services is described in Item 5 “Fees and Compensation”.

Item 11 – Code of Ethics

As required by SEC Rule 204A-1 under the Investment Advisers Act of 1940, TCP has adopted a Code of Ethics (the “Code”) which sets forth its business standards and its fiduciary duty to the Funds. At the beginning of employment and annually, each employee of TCP must acknowledge the terms of the Code and receive training on the various obligations imposed by the Code. The CCO will ensure all employees have access to the most recently updated Code. Any employee who violates the Code may be subject to disciplinary action, up to and including termination. All employees are obligated to report any violation of the Code to the CCO. The Code addresses the following:

- 1.) Prohibition on the use of material non-public information of a security
- 2.) Reporting initially and quarterly thereafter all brokerage accounts of employees and members of their household
- 3.) Prohibition on employees executing security orders for their personal accounts ahead of the Funds security orders (i.e. front running)
- 4.) Pre-clearance of all private placement security transactions
- 5.) Prohibition of the purchase of new issue securities
- 6.) Reporting of all reportable transactions within thirty (30) days of each calendar quarter end by all employees
- 7.) Reporting of gifts over a de minimis value; and



8.) Other potential conflicts of interest

The Code is available to all current and prospective investors by contacting the CCO at compliance@topwaterpartners.com.

TCP is a limited partner in the Funds. TCP does not believe this creates a conflict of interest between the Funds' limited partners and the Managed Account Limited Partners.

Item 12 – Brokerage Practices

Brokerage Selection

TCP continuously evaluates and recommends broker-dealers to the Funds subject to the supervision and control of Freestone. There are a number of factors considered when recommending broker-dealers and determining the reasonableness of their compensation. One of the most important factors is the quality of the introductions to potential Managed Account Advisors. The other factors include:

- 1.) Best Execution
- 2.) Reporting
- 3.) Execution software
- 4.) Expertise in particular markets
- 5.) Reputation
- 6.) Experience
- 7.) Financial stability
- 8.) Customer service
- 9.) Financing/margining

TCP has no soft dollar agreements with the broker-dealers used by the Funds.

Brokerage for Client Referrals

As mentioned above, TCP receives Managed Account Advisor introductions from broker-dealers. These introductions could be classified as client referrals and may create a conflict of interest. If a broker-dealer introduction results in the selection of a Managed Account Advisor the standard procedure for TCP is to recommend each Fund:

- 1.) Establish the managed account at the broker-dealer that provided the introduction;
and



- 2.) Require the Managed Account Advisor to primarily execute its trading activity at the broker-dealer providing the introduction

This procedure creates an incentive for TCP to recommend broker-dealers who make introductions of Managed Account Advisors. Conflicts of interest may exist because the recommended broker-dealers may not be as competitive as other broker-dealers based on the factors listed above. TCP's recommendation of specific broker-dealers may not result in the most favorable execution which may result in additional cost to the Funds.

Each broker-dealer recommendation by TCP is subject to the supervision and control of Freestone.

Directed Brokerage

As described above, TCP routinely recommends the Funds establish managed accounts and the Managed Account Advisors execute brokerage transactions at specific broker-dealers. However, TCP does not have the ability to require the Funds or a Managed Account Advisor to execute brokerage transactions at specific broker-dealers. The selection of broker-dealers is only granted to Freestone, therefore best execution on security transactions may not be achieved for the Funds.

TCP does not aggregate the purchase or sale of securities for the Funds or Client accounts.

Item 13 – Review of Accounts

TCP monitors the activity of each Managed Account Advisor on a continual basis and produces multiple reports which are sent to the Funds including:

- 1.) A report prepared every two (2) hours containing a brief summary of the Managed Account Advisors daily trading activity and profitability
- 2.) A daily report containing a brief summary of the prior day's performance, investment exposure of the Managed Account Advisors and the assets at each broker-dealer



- 3.) A daily report containing an analysis of the liquidity of each position in the Funds
- 4.) An annual report containing detailed information relating to the Managed Account Advisor including the performance, return attribution, and exposure level of the Managed Account Advisor; and
- 5.) Customized reports when requested by the Funds

These reports are conducted and reviewed by TCP's chief risk officer and employees.

Item 14 – Client Referrals and Other Compensation

There are no arrangements, written or otherwise, in which TCP will receive an economic benefit, including sales awards or other prizes, for someone else, providing investment advice or other advisory services to the Funds. Please see Item 12 "Brokerage Practices" above.

Item 15 – Custody

TCP does not maintain custody of the Funds' assets and has no ability to move cash. The Funds receive account statements directly from the custodian, bank, or broker-dealer where the assets are held. The assets are held in the name of the Fund.

Item 16 – Investment Discretion

TCP has no investment discretion to add or remove a Managed Account Advisor or buy or sell securities directly for a Fund's portfolio. TCP has the obligation to liquidate a managed account in the event of a Managed Account Advisor termination.

Each Managed Account Advisor has investment discretion over their managed account, subject to the parameters set forth in each Managed Account Advisors investment advisory agreement with a Fund.



Item 17 – Voting Client Securities

TCP does not have the authority to vote proxies on behalf of the Funds. The Funds receive the proxies and other solicitations directly from the custodians and transfer agents. TCP does not accept questions about particular proxy solicitations.

Item 18 – Financial Information

TCP does not require or solicit prepayment of more than \$1,200 in fees from the Funds six months or more in advance, and therefore is not required to provide financial information in this section. TCP has no financial commitments it believes will impair its ability to perform its fiduciary duty to the Funds. TCP and its principals have never filed a bankruptcy proceeding.