

Taiyo Pacific Partners L.P.

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This Form ADV Part 2A (this “Brochure”) provides information about the qualifications and business practices of Taiyo Pacific Partners L.P. If you have any questions about the contents of this Brochure, please contact us at (425) 896-5300. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Taiyo Pacific Partners L.P. is also available on the SEC’s website at www.adviserinfo.sec.gov.

Although Taiyo Pacific Partners L.P. is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), such registration does not imply that Taiyo Pacific Partners L.P. or our personnel have a certain level of skill or training.

Item 2 – Material Changes

Taiyo Pacific Partners L.P. updates its Form ADV Part 2A annually, or more frequently in the event of certain material changes. This section outlines and summarizes the specific changes made since the last update of our Form ADV Part 2A, which was on February 14, 2012. This Form ADV Part 2A, dated March 31, 2013, includes those material changes specified below. Investors may request a full copy of the latest version of our Form ADV Part 2A at any time by contacting Mark Howell, Chief Compliance Officer, 425-896-5300. A complete copy is also available online at <http://www.advisorinfo.sec.gov>.

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

Item 6 of this Brochure has been amended to include discussion of incubator accounts and vehicles established by TPP to test, evaluate and refine potential new investment strategies. Such discussion includes discussion of the manner in which TPP resolves potential conflicts between any such incubator account or vehicle and the investment funds managed by TPP.

Amendment to Item 12 – Brokerage Practices

Item 12 of this Brochure has been amended to disclose TPP's use of "soft dollars" to the extent permitted under Section 28(e) of the Securities Exchange Act of 1934, as amended.

Item 3 – Table of Contents

Item 1 –	Cover Page	1
Item 2 –	Material Changes	2
Item 3 –	Table of Contents.....	3
Item 4 –	Advisory Business.....	4
Item 5 –	Fees and Compensation.....	6
Item 6 –	Performance-Based Fees and Side-By-Side Management	7
Item 7 –	Types of Clients	9
Item 8 –	Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9 –	Disciplinary Information	12
Item 10 –	Other Financial Industry Activities and Affiliations	13
Item 11 –	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	14
Item 12 –	Brokerage Practices	16
Item 13 –	Review of Accounts.....	19
Item 14 –	Client Referrals and Other Compensation.....	20
Item 15 –	Custody	21
Item 16 –	Investment Discretion.....	22
Item 17 –	Voting Client Securities.....	23
Item 18 –	Financial Information.....	24

Item 4 – Advisory Business

Founded in 2003, Taiyo Pacific Partners L.P., a Delaware limited partnership (“TPP”), provides discretionary portfolio management regarding primarily Japanese equity securities. TPP currently has 39 employees, of which 7 are clerical. As of February 28, 2013, TPP had \$2,003,427,528 in assets under management on a discretionary basis and \$0 in assets under management on a non-discretionary basis.

Principal Owners

The general partner of TPP is Taiyo Pacific CG LLC, a California limited liability company (the “TPP GP”), of which Brian K. Heywood, John H. Hammond, Jr., and Michael King (collectively, the “Principals”) are the sole members. The Principals also are the sole limited partners of TPP. Accordingly, the Principals, directly through their limited partner interests in TPP, and indirectly through their membership interests in the TPP GP, own, in the aggregate, 100% of the equity interests in TPP.

Advisory Services

TPP currently provides investment advisory services to five private investment funds (the “Funds”):

- Taiyo Fund, L.P., a Delaware limited partnership (the “Taiyo Fund”), which focuses on Japanese small-capitalization companies;
- Taiyo Pearl Fund, L.P., a Cayman Islands exempted limited partnership (the “Pearl Fund”), which focuses on Japanese micro-capitalization companies;
- Taiyo Cypress Fund, L.P., a Cayman Islands exempted limited partnership (the “Cypress Fund”), which focuses on Japanese mid-capitalization companies;
- Taiyo Blue Fund, L.P., a Delaware limited partnership (the “Blue Fund”), that was customized for a group of investors that have a common affiliation; and
- Taiyo RPMI Fund, L.P., a Cayman Islands exempted limited partnership (the “RPMI Fund”), that was customized for an investor.

Each of the Taiyo Fund, the Pearl Fund and the Cypress Fund is generally open to new investment from time to time by qualified investors. The Blue Fund and RPMI Fund are generally not open to new investment. TPP provides tailored advisory services to each Fund based on the investment focus of that Fund. Investors in the Funds are referred to in this Brochure as “Investors”.

A dedicated special purpose vehicle (each, a “Dedicated Entity”) serves as the general partner of each Fund, and another Dedicated Entity serves as the manager of such Fund. Each Dedicated Entity is jointly owned by TPP and the California Public Employees’ Retirement System (“CalPERS”). In addition, affiliates of Wilbur L. Ross, Jr., have an ownership interest in the Dedicated Entities for three of the Funds. An affiliate of TPP serves as the general partner, managing member or other equivalent control person of the Dedicated Entities for three of the Funds. An affiliate of Mr. Ross serves as a co-managing member with TPP of the Dedicated Entities for the Taiyo Fund. Further information about the Dedicated Entities, Mr. Ross, and CalPERS is provided in Item 10.

TPP operates its investment business largely on a discretionary basis. TPP is responsible for all trade ideas and decisions.

TPP's investment thesis is to find good value companies that, with friendly management, will allow the TPP team access to unlock the "true value" of their company with our in-house specialists. We are pioneers of combining traditional portfolio management expertise with relationship based investing. We look to partner with our portfolio companies for greater than three years, so we extensively screen each company before we enter a relationship (trade). We have several sources for finding a new company: data screening, industry research, company relationships and sell-side analysts. Once we identify potential companies based on valuation, we then begin to work with company management on achieving mutually beneficial goals that maximize shareholder value.

TPP believes that a responsible shareholder influence can create, unlock, and protect value in Japanese companies, resulting in out-performance for the Funds. We believe that our returns derive from three different categories: (1) stock and sector selection; (2) proactive trading; and (3) activist value add.

Item 5 – Fees and Compensation

Investors in the Funds compensate TPP for its investment advisory services based both on the value of the equity invested by each Investor and the performance of the investment. A detailed description the fees for each Fund can be found in its limited partnership agreement and other governing documents. A general description of the fees is provided below and in Item 6 of this Brochure.

Management Fee

In consideration of TPP's management services to each Fund, each Fund will pay the Dedicated Entity that serves as the manager of such Fund a management fee calculated with respect to each Investor in such Fund. The fee is paid quarterly, in advance, at an annual rate equal to a percentage of each the Investor's management fee base. The manner in which such management fee base is calculated and the management fee schedule applicable to each Fund is set forth in the limited partnership agreement of such Fund. Because limited partner interests in the Funds are offered only to "qualified purchasers" within the meaning of Section 2(a)(51)(A) of the Investment Company Act, and because this Brochure will be delivered by TPP only to such "qualified purchasers", additional details about such management fees are not included in this Brochure.

Management fees payable with respect to a Fund are deducted directly from the assets of such Fund. Each Investor bears, through reductions in its capital account, the economic burden of the portion of such management fees that is attributable to its interest in a Fund.

Additional Fees and Expenses Payable by Clients

Each Fund will bear all of its operating expenses, including:

- investment expenses (e.g., brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial and bank fees, initial and variation margin, storage and warehousing fees, and interest expenses);
- research, due diligence, and reasonable travel expenses;
- legal expenses;
- professional fees (including expenses of consultants relating to particular investments);
- external accounting, audit, and tax preparation expenses;
- costs of printing and mailing reports and notices;
- entity-level taxes;
- corporate licensing;
- regulatory expenses (including filing fees);
- expenses (other than placement fees) relating to the offer and sale of Interests;
- expenses relating to insurance (including directors' and officers' insurance, errors and omissions insurance, and other similar policies);
- extraordinary expenses relating to the Fund; and
- other similar expenses relating to the Fund.

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

The Dedicated Entity that serves as the general partner of each Fund receives a performance-based incentive allocation from such Fund. The incentive allocation is generally calculated with respect to each Investor as of the end of the fiscal year of the applicable Fund (or earlier to the extent such Investor makes a withdrawal from its capital account). Depending on the Fund and the class of interests in which the Investor invests, such incentive allocation is generally calculated either (i) on an absolute basis as 20% of the net appreciation in the portion of the net asset value of the Fund that is allocable to such interests or (ii) on a relative basis as 20% of such interest's share of the Fund's outperformance of a benchmark, in each case, subject to a high-water mark. TPP's general practice is to not negotiate the incentive allocation (or other performance-based fees) with specific Investors.

Although performance-based fees (including the incentive allocations described above) are intended to align TPP's interests with those of the Funds, creating a greater incentive for TPP to manage Fund assets well, they also can create conflicts of interest between TPP and its supervised persons, on the one hand, and the Funds and the Investors, on the other hand. For example, a performance-based fee may create an incentive for TPP to make investments on behalf of the Fund that are riskier, more speculative or exhibit more volatility than would be the case in the absence of a performance-based fee. Furthermore, because a performance-based fee may be based in part on unrealized gains, TPP may also have an incentive to seek a higher valuation of the Fund's investments, especially of securities with no readily ascertainable market values. Additionally, because performance-based fees reward TPP for strong performance, TPP may have an incentive to favor Funds that it believes will perform more strongly (whether on an absolute or relative basis) over Funds that it believes will perform less strongly at any particular point in time. Because TPP's ownership of the Designated Entities that serve as the general partners of the Funds varies depending on the specific general partner, TPP also may have an incentive to favor Funds in which TPP has a larger ownership of the Funds' general partner.

TPP seeks to mitigate these potential conflicts of interests in a number of ways. First, the governing documents of each Fund contain provisions governing the manner in which such Fund's assets are valued. The provisions are supplemented by TPP's internal valuation practices to help ensure that each Fund's investments are valued fairly and accurately. These provisions and practices generally require a Fund's investments in publicly traded securities to be valued in accordance with publicly available market values and the Fund's investments in certain illiquid securities to be held at cost. Second, the governing documents of each Fund contain provisions governing the type of securities (including the targeted market capitalization of the issuer) in which such Fund primarily invests, allocation of trades in the case multiple Funds are eligible to investment in the same securities, and other conflicts of interests between Funds. These provisions are designed to minimize conflicts of interests between TPP and a particular Fund and provide clear, predetermined rules for resolving certain conflicts of interests. The provisions also often require TPP to disclose certain conflicts of interests to one or more Investor advisory boards comprised of representatives drawn from the Investors of a specific Fund and obtain the approval of one or more of such advisory boards regarding the resolution of such conflicts of interests. TPP believes such provisions help ensure that its proposed resolution to such conflicts of interests is consistent with the best interests of the applicable Fund and its Investors. Third, TPP is invested in each Fund, with the amount of its investment varying among the Funds. TPP believes this investment helps align its interest with those of the Funds and the Investors. Finally, TPP takes seriously its duties as an investment adviser and values highly its reputation. TPP seeks long-term absolute and relative out-performance of the Funds irrespective of performance-based fees.

TPP does not represent that the amount of the incentive allocation with respect to a Fund or the manner of calculating such incentive allocation is consistent with the performance-based fees charged by other investment advisers under the same or similar circumstances. The incentive allocation with respect to a Fund may be higher or lower than the performance-based fees charged by other investment advisers for the same or similar services.

TPP may, at any given time, be “incubating” additional fund strategies, typically by establishing one or more accounts or vehicles funded by TPP, its affiliates and its personnel to pursue and invest in such strategies (“Incubator Accounts”). The use of Incubator Accounts allows TPP to test, evaluate and refine new strategies prior to bring them to market. However, the investment activities of Incubator Accounts also may conflict with the investment activities the Funds. TPP seeks to mitigate these conflicts with internal policies and procedures, which outline specific rules around the purchase and sale of securities that are similar or identical to the securities purchased or sold for the Funds. This could include the use of a “no trade” or “restricted” list, which specifies securities which Incubator Accounts are excluded from buying or selling. In addition, specific parameters have been created regarding the purchase or sale of securities that may also be held in the Funds. These parameters include:

- no shorting by Incubator Accounts of any equities held long in Funds;
- no buying a name by an Incubator Account when a Fund is seeking to sell such name; and
- no selling a name by an Incubator Account when a Fund is seeking to buy such name.

Item 7 – Types of Clients

The Funds currently are TPP's sole clients. TPP currently does not, but may in the future, provide investment advisory services to other clients through separately managed accounts and by managing additional Funds. TPP will manage those separately managed accounts and Funds in accordance with their respective stated objectives. Each separately managed account will have a negotiated investment advisory agreement based upon the objectives and needs of the client, and each account will be managed in accordance with the terms and conditions of such agreement. Similarly, each additional Fund will be governed by a limited partnership agreement or other appropriate governing documents and will be managed in accordance with the terms and conditions of such governing documents.

Investors in the Funds are required to be "accredited investors" within the meaning of Regulation D of the Securities Act of 1933, as amended, and "qualified purchasers" within the meaning of the Section 2(a)(51) of the Investment Company Act of 1940, as amended.

Three of the Funds are generally available for investment by qualified Investors. The minimum initial subscription for each of these Funds is approximately \$10,000,000, and the minimum additional subscription for each of these Funds is approximately \$1,000,000. These minimums can be waived at TPP's discretion. The two other Funds are closed to Investors who are not affiliates of the existing Investors in such Funds.

The Investors are primarily U.S. and foreign institutional investors, including endowments, funds of funds and public pension funds.

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

TPP looks for three basic characteristics when investing:

- Under-valuation
 - Under-valued even without considering any significant changes
 - Opportunities to increase value through operational/strategic/financial changes
 - Companies that are trading at a discount to their intrinsic value
- Quality Business
 - We typically hold a company for a long period of time and we do not use hostile measures
 - We focus on companies with sustainable competitive advantages
- Competent and Open Management
 - Management must be open to our suggestions
 - Management must care about the concerns and rights of shareholders
 - We do not try to make bad managers good; we try to help good managers become even better

We first classify all companies we meet into one of the following categories:

- Portfolio
- Top Candidate
- Candidate
- Follow-Up
- Watch List – Timing
- Watch List – Valuation
- Watch List – Management
- Watch List – Business

As a company moves from the Candidate to Top Candidate Group, a detailed valuation model is developed. This helps us with timing and trading around a position once we are in a name. The model also gives us a better indication of whether or not there is enough value to capture.

With each company we identify a number of ways in which we think management can increase the value of the firm. Since we do not know which recommendations management will implement, we do not include them in the base valuations. However, we run scenarios to determine the potential upside when we are evaluating companies prior to investment and once we have already built a position.

Risks

All securities include a risk of loss of principal and any profits that have not been realized. The stock markets, bond markets, and derivatives markets fluctuate substantially over time and, as recent global and domestic economic events have demonstrated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets that TPP and its affiliates manage on each Fund's behalf, and such a loss may be out of TPP's control. TPP cannot guarantee any level of performance and cannot guarantee that an account will not experience a loss in value. The Funds and Investors should be prepared to bear any risk of loss.

TPP's focus is on bottom-up, fundamental investing. The primary emphasis is on stock selection and the portfolio may be concentrated. Consequently, TPP does not try to manage overall market, sector, foreign currency, or interest rate risk. Instead, risk is approached on a stock by stock basis. The material risks involved in TPP's investment strategy include:

- risks arising from the long-term and illiquid nature of an investment in a Fund;
- economic and market risks, including risks related to the world economy, the Japanese economies, and the industries in which the Funds' portfolio companies operate;
- limits in publicly available information about the Funds' portfolio companies;
- foreign currency risk;
- risks arising from Fund investments in micro-cap, small-cap and mid-cap companies, which often involve higher risks than investments in larger, more stable companies;
- risks arising from taking minority positions in the Funds' portfolio companies;
- risks arising from TPP's friendly activist strategy, including the acquisition of material non-public information that may limit a Fund's ability to trade;
- risks arising from investments in distressed or other troubled assets;
- risks arising from investments in value stocks;
- risks arising from investments in assets that may be difficult to value; and
- risks of taxation by foreign authorities, including in Japan.

The foregoing list of material risks does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds sponsored by TPP.

Each prospective Investor will receive, prior to investing in a Fund, a private placement memorandum or other document containing a more detailed discussion of the material risks involved with an investment in such Fund. Each Investor or prospective Investor should review the private placement memorandum of the Fund thoroughly to understand such risks.

Investing in securities involves risk of loss that the Funds and the Investors should be prepared to bear.

Item 9 – Disciplinary Information

There are no legal or disciplinary events related to TPP or its supervised persons that are material to a client's or prospective client's evaluation of TPP's advisory business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

Neither TPP nor any of its management persons are registered, or have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of one of the foregoing types of entities in the United States or any state thereof. TPP is registered with the Securities and Exchange Board of India as a Foreign Institutional Investor and is authorized to invest in Indian securities.

As discussed previously, TPP provides investment advisory services to the Funds, which are pooled investment vehicles generally structured as limited partnerships. Each of the Funds has a Dedicated Entity that serves as its general partner and a Dedicated Entity that serves as its manager. Each Dedicated Entity is jointly owned by TPP and CalPERS. In addition, affiliates of Wilbur L. Ross, Jr., have an ownership interest in the Dedicated Entities for three of the Funds. An affiliate of TPP serves as the general partner, managing member or other equivalent control person of the Dedicated Entities for four of the Funds. An affiliate of Mr. Ross serves as a co-managing member with TPP of the Dedicated Entities for the Taiyo Fund.

As previously discussed in further detail in Item 6 above, conflicts of interest between TPP and a Fund may arise due to the receipt by the Dedicated Entity that serves as the general partner of such Fund of incentive allocations based upon the performance of such Fund. The manner in which TPP addresses these potential conflicts is discussed in further detail in Item 6 above.

TPP owns a minority interest in Seiryu Asset Management Ltd. (“Seiryu”), a Japanese entity which is licensed with the Japanese Financial Services Agency as a discretionary investment manager under Japanese law and which operates solely in Japan. Seiryu is operationally independent from TPP and does not share offices or employees with TPP. Although TPP is entitled to appoint up to a majority of the members of Seiryu board of directors and holds certain consent rights and other minority-investor protections under the agreements that govern TPP’s investment in Seiryu, TPP does not exercise day-to-day operational control over Seiryu or otherwise participate in Seiryu’s day-to-day activities. In particular, TPP is not involved in (and does not seek to influence) Seiryu’s provision of investment management services to Seiryu’s clients and does not supervise any Seiryu personnel who provide such services. From time to time, Seiryu may refer prospective Investors to the Funds, and TPP may compensate Seiryu for such referrals. In connection with each such referral, TPP requires Seiryu to disclose to such Investor, prior to any investment by such prospective Investor in any Fund, TPP’s relationship with Seiryu.

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

TPP has established a variety of internal controls and procedures designed to address potential conflicts of interest arising between client accounts and TPP and its personnel.

Code of Ethics

TPP has a fiduciary duty to its clients and, accordingly, has adopted a Code of Ethics (the “Code”) that applies to all employees. The Code describes the standard of conduct TPP requires of its employees and sets forth restrictions on certain activities, including personal trading in accounts owned or managed by its employees or in which its employees have a beneficial interest. The Code’s provisions also include requirements relating to areas such as gifts and business entertainment, and outside board affiliations. By setting forth the regulatory and ethical standards to which TPP’s employees must adhere, the Code supports our efforts to promote a high level of professional ethical conduct in furtherance of our fiduciary duty to our clients.

Personal Trading

Among other things, the Code limits and monitors the personal trading activity of our employees, including members of our employees’ households. These limitations seek to further TPP’s efforts to prevent employees from personally benefiting from TPP’s investment decisions for the Funds.

All employees must provide TPP with a list of their securities holdings, as well as duplicate copies of statements and trade confirmations with respect to their brokerage accounts. These restrictions and requirements of the Code apply to all accounts over which employees have investment discretion, or in which they have a direct or indirect beneficial interest.

TPP has a policy that its employees may not invest directly in Japanese companies, although employees may invest in mutual funds or other pooled investment vehicles that make such investments. TPP employees are able to invest in an employee investment vehicle that invests in the Funds.

Participation or Interest in Client Transactions and Principal Trades and Trading in the Same Securities as Clients

TPP and its related persons (excluding the Funds) do not engage in principal trades with TPP’s clients. Except through the employee investment vehicle, TPP and its related persons (excluding the Funds) do not invest in the same securities that TPP recommends to clients. Neither TPP nor any related person recommends to any Fund, or buys or sells for any Fund’s account, securities in which TPP or any related person has a material financial interest (except for any interest arising as a result of any direct or indirect investment in a Fund).

Insider Trading and Material Non-Public Information

All employees of TPP are subject to TPP’s Policy Concerning Material, Non-Public Information. The Code and the Policy Concerning Material, Non-Public Information broadly prohibit the use of material, non-public information, and impose related trading restrictions.

In accordance with these policies, to prevent trading of public securities based on material, non-public information, TPP maintains a “restricted list” that identifies any securities that cannot be purchased for employee, client, or firm-owned accounts because material, non-public information may have been received by an employee of the firm. The issuers named on this restricted list are also restricted in TPP’s order management system, blocking TPP from trading (whether for the account of a Fund or otherwise) in the securities without the consent of TPP’s Chief Compliance Officer.

Gifts and Business Entertainment

TPP’s Code includes policies and procedures regarding giving or receiving gifts and business entertainment between the firm’s employees and certain third parties (e.g., vendors, broker-dealers, consultants, etc.) to help mitigate the potential for conflicts of interest surrounding these practices. In general, TPP restricts allowable gifts to those of de minimis value.

Political Contributions

TPP prohibits its employees from making political contributions for the purpose of securing or retaining business. TPP maintains policies and procedures that set forth specific limitations as to whom employees may make contributions and the amounts of such contributions, as well as preclearance requirements for certain political contributions.

Distribution of the Code

TPP’s Code is provided to each employee at the time of hire and an electronic copy is available to employees on an ongoing basis. Each employee must affirm upon hire, and annually thereafter, that they have received a copy of the Code, and that they have read and understand its provisions. Additionally, TPP conducts periodic compliance training that addresses the requirements of the Code and the other policies described in this Item 11.

A copy of TPP’s Code is available to clients or prospective clients upon request, and may be obtained by contacting TPP using the contact information on the Cover Page of this Brochure.

Item 12 – Brokerage Practices

The governing documents of each Fund authorize TPP to determine and direct execution of portfolio transactions for such Fund. TPP has a fiduciary duty to seek best execution, and to ensure that trades are allocated fairly and equitably over time.

Brokerage Relationships

TPP's relationships with broker-dealers, particularly those affiliated with large financial services organizations, are complex. TPP uses various broker-dealers to execute trades on behalf of the Funds, but TPP may also have many other relationships with such firms. For example, TPP may use prime brokerage services offered by the broker-dealer or its affiliate. Certain broker-dealers may also refer prospective investors to TPP.

Because such relationships or business dealings with these broker-dealers might result in a conflict with TPP's duty to seek best execution when trading with these firms, TPP has implemented policies and procedures to support and monitor its efforts in this regard, as described further below.

Best Execution – Selection Factors for Broker-Dealers

As noted above, TPP has a duty to seek best execution of transactions for client accounts. "Best execution" is generally determined by whether the transaction represents the best qualitative execution for an account. In determining the quality of execution, TPP considers several factors, including, but not limited to, the following: best price, including commissions; capital position of the broker; ability to consummate and clear trades in an orderly and satisfactory manner; consistent quality of service; risks taken in positioning a block of securities; and broad market coverage resulting in a continuous flow of information regarding bids and offers. TPP does not consider any client or investor referrals from a broker-dealer when determining best execution, or when placing client trades.

TPP has the authority to select the broker-dealer to be used for the purchase or sale of securities. TPP, in seeking best execution, will make this selection based on a number of factors, which may include, but are not limited to, the following: the broker-dealer's financial soundness; the broker-dealer's ability to effectively and efficiently execute, report, clear, and settle the order; the broker-dealer's ability to timely and accurately communicate with TPP's trading desk and operations team; the broker-dealer's commission rates; and similar factors.

Recognizing the value of these factors, TPP may select a broker-dealer that charges a commission in excess of that which another broker-dealer might have charged for effecting the same transaction. TPP is not obligated to choose the broker-dealer offering the lowest available commission rate if, in TPP's reasonable judgment, the total cost or proceeds from the transaction may be less favorable than what may be obtained elsewhere or if a higher commission is justified by the service or research provided by another broker-dealer. TPP believes the executing brokers used are financially solid companies that provide reliable, quick, responsive and efficient brokerage and other services. Such other services are not otherwise contingent upon TPP committing any specific amount of trading activity to a particular executing broker. However these other services assist TPP in managing and administering Fund trading accounts. These include access to Fund account data (such as trade confirmations and account statements); facilitation of trade execution (and allocation of aggregated trade orders for more than one

Fund); and providing research, pricing information and other market data or information beneficial to TPP in its management of the Funds.

TPP has implemented a series of internal controls and procedures to address the conflicts of interest associated with its brokerage practices. To determine that it is receiving best execution for its transactions over time, TPP will obtain information as to the general level of commission rates being charged by the brokerage community from time to time for specific types of transactions and transactions in particular geographic regions, and will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reference to such data. To the extent TPP has been paying higher commission rates for its transactions, TPP will determine if the quality of execution and the services provided by the broker-dealer justify these higher commissions.

Cross Trades

TPP generally does not engage in cross trades in its client accounts. If TPP does cross buy and sell orders in client accounts, TPP shall first determine that the transaction is fair and equitable to both clients. Additionally, the governing documents of each Fund contain provisions governing disclosure and consent regarding trades between Funds.

Soft Dollars

TPP may use “soft dollar” arrangements to the extent permitted under Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In particular, TPP has directed trades to broker-dealers who provide TPP with research and other information that TPP believes is beneficial to its management of the Funds and which TPP believes is difficult to obtain without use of “soft dollars”. When TPP uses soft dollars to obtain research or other products or services, TPP receives a benefit because TPP does not have to produce or pay for such research, products, or services. TPP may therefore have an incentive to select a broker-dealer based on its interest in receiving research or other products or services. While TPP will consider the benefits of soft-dollar arrangements in selecting a broker-dealer, it is only one of the factors included in TPP’s evaluation of which broker-dealer provides the best execution of transactions for client accounts. As required by Section 28(e) of the Exchange Act, prior to the use of any soft dollars offered by any broker-dealer, TPP will determine in good faith whether the commissions payable to such broker dealer is reasonable in relation to the value of the brokerage and research services provided by such broker-dealer.

Directed Brokerage

TPP does not request, require or permit clients to direct TPP to execute transactions through a specified broker-dealer.

Trade Aggregation

When two or more Funds are simultaneously engaged in the purchase or sale of the same security, TPP will aggregate the transactions. Allocation of executed aggregated orders must be made to the accounts participating in the transactions pro rata in accordance with the predesignated order interest amounts, with further allocations based on notional capital being made as applicable. Participating accounts shall receive the weighted average execution price for the day and shall pay the commission, fees and

charges on a pro rata basis. If a purchase or sale order extends beyond a trading day, the same procedure is applied at the end of each trading day in respect of all trades entered into during the day.

In situations where opportunities are too limited for all accounts to participate (even on an allocated basis), such opportunities will be allocated among eligible accounts based on an assessment of relative expected efficiencies and other relevant account-specific factors, including any provisions in the governing documents of the applicable Funds that address allocation of opportunities.

Trade Errors

From time to time, TPP's discretionary investment activities may cause trading errors affecting one or more client accounts. In the event a TPP trading error cannot be resolved prior to settlement, TPP will bear the costs of any loss resulting from such error. If any such error results in profits, the accounts for which the erroneous transactions were made will generally keep the profits.

Item 13 – Review of Accounts

TPP's portfolio management, research analysis, operations, and risk personnel are responsible for the ongoing review of the assets of the Funds. Matters reviewed include, but are not limited to, portfolio composition, performance comparisons, current market activity, macro and micro economic outlooks, and trading activity. TPP's investment research analysts are typically responsible for tracking a variety of companies, industries or sectors and making recommendations for TPP's portfolios. In addition, TPP typically holds a weekly investment meeting to discuss securities TPP is monitoring, as well as macro and other issues that may impact markets or securities.

TPP employs a variety of means to monitor and measure the portfolio investments for each Fund. In particular, the following three approaches form the core of the monitoring process:

- Daily - reports from a proprietary database are distributed, automatically, to the Chief Investment Officer, portfolio managers, and other affected investment team members. The reports contain a number of company specific financial measurements that are calculated using external FactSet data.
- Weekly - the entire portfolio team meets to discuss each portfolio. Input from different sources is considered (e.g., trips to Japan, press releases, regulatory filings, etc.)
- Regularly - the Chief Investment Officer monitors each issuer for frequency and timeliness of visits to the company. TPP seeks to meet with all portfolio companies on a regular basis.

TPP also performs reconciliations of its records of the securities and cash within its clients' accounts against the records of the custodians who actually hold the securities and cash. These reconciliations are performed by TPP's operations personnel. Generally, positions and cash are reconciled on a daily basis. To the extent any discrepancies are identified through the performance of these reconciliations, our operations personnel will work with both our internal team and the custodian to resolve any such discrepancies.

Reporting

Investors in the TPP sponsored Funds receive monthly statements reflecting the Investor's capital account balance. Quarterly a newsletter is sent to each Investor. The quarterly newsletter typically includes updates about TPP (e.g., new personnel, departures, important changes to note, etc.). Investors also receive annual audited financial statements. TPP may provide more frequent reports and provide other specific information at the Investor's request.

Item 14 – Client Referrals and Other Compensation

Relationships with Consultants

Many Investors and prospective Investors retain investment consultants to advise them on the selection and review of investment managers. The Funds may have certain Investors that were introduced to TPP through such consultants. These consultants or their affiliates may, in the ordinary course of their investment consulting business, recommend TPP's investment advisory services, or otherwise place TPP into searches or other selection processes for a particular investor.

TPP has extensive dealings with investment consultants, both in the consultants' role as adviser for their clients and through independent business relationships. Specifically, we provide consultants with information about Funds we manage for their clients (our Investors), pursuant to our Investors' directions. TPP also provides information on our investment styles to consultants, who use that information in connection with searches they conduct for their clients. TPP may also respond to "Requests for Proposals" from prospective Investors in connection with those searches.

In general, TPP relies on each consultant to make appropriate disclosure to its clients of any conflict that the consultant may believe to exist due to its relationship with our firm.

Relationships with Solicitors

From time to time, TPP may enter into written referral agreements that involve the payment of a fee for introductions to prospective Investors that lead to formal investment management mandates. TPP will disclose the terms of the arrangement, including the fee structure, to all such prospective Investors, in accordance with applicable law.

Any third party solicitation arrangements regarding TPP's services will comply with all federal and state regulatory requirements.

Compensation from Third Parties

TPP does not receive any monetary compensation from non-clients for TPP's provision of investment advisory services to the Funds.

Item 15 – Custody

An investment adviser has custody of client funds or securities if it acts in any capacity that gives the adviser legal ownership of, or access to, client funds or securities. Hence, TPP has custody of client assets to the extent that it acts as both investment adviser and controls the general partner or managing member of a pooled investment vehicle with the authority to dispose of funds and securities in the pool's account. TPP thus may be deemed to have custody over the Funds' accounts.

TPP is required to maintain the client funds and securities for which it has custody with a "qualified custodian" (i) in a separate account for each client under the client's name; or (ii) in accounts that contain only such client's funds and securities, under TPP's name as agent or trustee for its clients. Qualified custodians include banks, registered broker-dealers, registered futures commission merchants and certain foreign financial institutions.

Consistent with the exemption from the notice, reporting, and surprise examination requirements that Rule 206(4)-2 of the Advisers Act provides for advisers with custody of client funds or securities, TPP intends to distribute the audited financials of each Fund to Investors in that Fund within 120 days of the end of the Fund's fiscal year.

Item 16 – Investment Discretion

The limited partnership agreement of each Fund grants discretionary investment authority over such Fund to the Dedicated Entity that serves as the general partner of such Fund, which general partner, in turn, may delegate or share such authority to or with, among other persons, the Dedicated Entity that serves as the manager of such Fund. By virtue of its control of the Dedicated Entities, TPP effectively exercises discretionary investment authority over each Fund. Such discretionary investment authority includes the authority to determine the securities to buy or sell, the timing of such purchases or sales, the quantity and price of such purchases or sales, and the broker-dealer that will execute such transactions.

The limited partnership agreement of each Fund also includes certain limitations to which TPP must adhere in exercising discretionary investment authority over such Fund. Depending on the particular Fund, such limitations may include limitations on ownership stakes over certain thresholds, investment committee approval requirements with respect to ownership stakes above 5%, limitations on investments in non-publicly traded securities and limitation on hostile investments.

Item 17 – Voting Client Securities

TPP has authority to vote the securities owned by the Funds. As required by Rule 206(4)-6 of the Advisers Act, TPP has adopted policies and procedures for voting proxies in the best interests of the Funds and the Investors in the Funds. TPP exercises its voting responsibility as a fiduciary, with the goal of maximizing value to Investors consistent with the governing laws and investment policies of each Fund.

TPP has established guidelines (the “Proxy Guidelines”) that determine how proxies will be voted for many common issues. The Proxy Guidelines are designed to ensure that proxies voted on behalf of the Funds are voted in the best interests of the Funds and the Investors in the Funds. TPP will consider each matter up for a vote on its own merits and will exercise its discretion in voting, except where limited by a Fund’s limited partnership agreement or other governing documents.

The Proxy Guidelines are also designed to address conflicts of interest that may arise between TPP and the Funds or the Investors in the Funds. TPP believes that it is unlikely that conflicts of interest will arise in connection with TPP’s voting of proxies. In the event that a potential material conflict of interest does arise, the primary means by which Taiyo avoids such conflict is by casting such votes solely in the interests of the Funds or Investors and in the interests of maximizing the value of their portfolio holdings.

Clients may obtain a copy of TPP’s proxy voting policies and procedures, including the Proxy Guidelines, and records as to how TPP voted securities by contacting TPP at the address or phone number on the cover page of this Brochure.

Item 18 – Financial Information

TPP does not require or solicit prepayment of fees six months or more in advance. Furthermore, there is no financial condition that is reasonably likely to impair TPP's ability to meet contractual and fiduciary commitments to clients. TPP has not been the subject of a bankruptcy proceeding.