
Form ADV Part 2

TAYLOR INVESTMENT ADVISORS LP

March 2015

This Brochure provides information about the qualifications and business practices of Taylor Investment Advisors LP ("Taylor"), an investment adviser registered with the Securities and Exchange Commission of the U.S. (the "SEC"). If you have questions about the contents of this brochure, please contact us at (214) 775-4200. This information has not been approved or verified by the SEC nor by any state securities regulatory authority.

Additional information about Taylor is also available on the SEC website at www.advisorinfo.sec.gov.

Registration with the SEC does not imply a certain level of skill or training.

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ITEM 2. SUMMARY OF MATERIAL CHANGES

This Item discusses only specific material changes that are made to this Brochure and provides clients with a summary of such changes. The last update of our Brochure occurred on March, 2014 and since that time, as follows:

- Taylor no longer provides advisory services to an investment company; and
- Additional disclosure information regarding financial industry affiliations in Item 10.

This Brochure may be requested by contacting us at (214) 775-4200. Additional information about Taylor Investment Advisors LP is available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Taylor Investment Advisors LP who are registered, or are required to be registered, as investment adviser representatives of Taylor Investment Advisors LP.

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ITEM 4. ADVISORY BUSINESS

Taylor Investment Advisors LP is an investment advisory firm with its principal place of business in Dallas, Texas. Taylor Investment Advisors LP will sometimes be referred to in this Brochure as “we,” “us,” “Taylor,” or “the Firm.”

Taylor is organized as a Delaware limited partnership, and commenced operations as an investment adviser in 2002. The firm has 8 employees.

The sole general partner of Taylor is TIAGP Inc., a Delaware corporation. Jason M. Taylor is the President and sole shareholder of TIAGP Inc. The sole limited partner of the firm is Taylor Wealth Management, LP, a Delaware limited partnership.

Taylor provides investment advisory services on both discretionary and non-discretionary bases to a number of private investment funds, as general partner and/or investment adviser, or in the capacity of a sub-advisor. We also provide advisory services as investment adviser to separately managed accounts. The Investment Funds and the separate accounts to which we provide advisory services are sometimes collectively referred to in this Brochure as “Clients.”

We provide the following investment advisory services:

- The identification and selection of third-party investment advisers and privately offered pooled investment vehicles including, without limitation, hedge funds, funds of funds and other investment funds (referred to in this brochure collectively as “Investment Vehicles”) for Client accounts.
- The identification and selection of marketable or non-marketable securities and other investments (which may include Investment Vehicles) for Client accounts.
- Investment analyses of portfolios of Investment Vehicles, using proprietary and/or nonproprietary research and analytic tools developed by Taylor for use in connection with Client accounts.

With respect to discretionary Client accounts, we will generally be authorized to place orders for the execution of securities transactions without prior consultation with Clients. With respect to non-discretionary Client accounts, we may make investment recommendations which will be subject to Client approval.

In general, we do not tailor investment strategies to the needs of individual Investment Fund investors. In certain circumstances we may follow particular investment guidelines or investment restrictions with respect to particular Investment Funds or separate accounts.

Investment Funds

Taylor’s investment funds (each an “Investment Fund”; collectively, “the Investment Funds”) structured as *Insurance-Dedicated Investment Funds*. We serve as general partner and/or investment adviser to investment funds which offer their interests exclusively to certain (a) segregated asset accounts of life insurance companies that qualify as such under Section 1.817-5(e) of regulations promulgated by the U.S. Treasury Department (as set forth in Title 26 of the U.S. Code of Federal Regulations) (the “Regulations”) and (b) general accounts of such Insurance Companies but only as permitted by Section 1.817-5(f)(3) of the Regulations. Investments in the segregated accounts must be available exclusively through the purchase of variable life insurance or variable annuity contracts within the meaning of Section 817(d) of the U.S. Internal Revenue Code of 1986, as amended, from such insurance companies.

Please see Item 8 below for a brief discussion of the Firm's current investment strategies (collectively, the "Strategies"). Important information regarding an investment in a Fund, including the specific investment strategies and policies, fees and expenses, risk factors and other material terms, are set forth in each Funds' Offering Documents.

Separate Accounts

Taylor offers investment advisory services on a separate account basis, including the management of Client accounts on a discretionary and non-discretionary basis, to persons and accounts that qualify as both "accredited investors" and "qualified purchasers" within the meaning of the Securities Act and Investment Company Act, and regulations promulgated thereunder (referred herein as "Separate Account Clients").

With respect to discretionary separate accounts, we will generally be authorized to place orders for the execution of securities transactions without prior consultation with Clients. With respect to non-discretionary Client accounts, we may make investment recommendations which will be subject to specific Client approval.

Upon the inception of a Client relationship, Taylor will generally consult with the Client regarding the Client's desired investment objective and strategy for the separate account. The agreed-upon investment objective and strategy may, but is not required to, be similar to the investment objective and strategy of an investment fund managed by us. In general, our services will not involve making a recommendation or determination as to the appropriate investment objective or investment strategy for the Client. Further, our services will not generally involve undertaking an evaluation of the Client's personal financial condition or risk profile.

Assets Under Management

As of January 1, 2015, Taylor managed \$ 160,410,180 of Client assets. Approximately \$ 17 million of such amount was managed on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

Fees – Investment Funds

Taylor is generally entitled to one or two types of fees from each Investment Fund that we manage: (a) an asset-based management fee; and/or (b) incentive compensation based upon the performance of the Investment Fund. Where applicable, our incentive compensation from the investment funds that are organized as limited partnerships takes the form of a partnership allocation from the limited partners to the general partner.

The management fee is calculated based upon a specified percentage (generally ranging from 1% to 1.50% per year) of an Investment Fund's net assets. The management fee may be paid monthly or quarterly in advance.

The incentive compensation (which is not applicable to every Investment Fund that we manage) is a specified percentage (generally 10%) of the net profits of an Investment Fund for the relevant period (attributable to each investor's interest therein). The incentive compensation is generally determined and allocated/paid on an annual basis, but will be determined and allocated/paid for shorter periods under certain circumstances (such as with respect to amounts withdrawn from an Investment Fund other than at year-end). The incentive allocation is subject to a loss carryforward, or "high water mark," provision that generally requires that any losses suffered by an investor in the Investment Fund (adjusted to reflect withdrawals) be offset by subsequent net profits allocated to the investor, before we are entitled to subsequent incentive compensation from the Investment Fund with respect to the investor.

Following is a schedule of management fee and incentive compensation rates for the Investment Funds that we manage:

Insurance-Dedicated Investment Funds	Management Fee Rate (per annum)	Incentive allocation Rate (per annum)
Taylor Insurance Series LP – Series C	1.25% (payable quarterly in advance)	Not applicable
Taylor Insurance Series LP – Series G	1.25% (payable monthly in advance)	Not applicable
Taylor Insurance Series LP – Series K	1.25% (payable monthly in advance)	Not applicable
Taylor Insurance Series LP – Relative Value Strategies Series	1.00% (payable quarterly in advance)	Not applicable
Taylor Insurance Series LP – Talson Acier Fund	1.00% (payable quarterly in advance)	5%
Taylor Insurance Series LP – Sound Point Floating Rate Fund	1.50% (payable quarterly in advance)	Not applicable
Taylor Investment Series Ltd. – Class F	1.25% (payable monthly in advance)	Not applicable

Additional detail as to how the fees and incentive compensation are calculated may be found in the Offering Document of each Investment Fund.

The fees and incentive compensation described above are typical, however, each private Investment Fund has the right to enter into agreements with one or more of its investors providing for the waiver or modification of certain terms of the offering of Investment Fund interests, or certain rights and obligations of Investment Fund investors, including fees, otherwise applicable to such interest(s), in each case without notice to the other Investment Fund investors.

Fees are deducted from the assets of the Investment Funds and paid to us or, in the case of incentive compensation, are reallocated from the capital accounts of Investment Fund investors and into our capital account.

As the Investment Funds invest their assets in Investment Vehicles, investors in the Investment Funds will, in addition to the management fee and incentive compensation described above, be indirectly subject to the management fees and/or incentive compensation charged by or with respect to Investment Vehicles. Such fees and compensation may be expected to vary substantially from one Investment Vehicle to another. In addition, investors will be indirectly subject to a pro rata portion of the organizational and/or operating expenses incurred by such Investment Vehicles. As a result, the aggregate investment advisory compensation and expenses to which investors will be subject is likely to substantially exceed the management fee and incentive compensation described above, as well as the expenses described below. As the investment manager of an Investment Vehicle is likely to be compensated, in part, based upon the performance of its own Investment Vehicle, such investment manager may effectively receive incentive compensation from an Investment Fund that we manage for a particular period even if the overall portfolio of the Investment Fund depreciates during such period.

Fees – Separate Accounts

We will generally charge a Separate Account Client both a management fee and an incentive fee, as follows:

- The management fee will be payable monthly in advance. The management fee for a calendar month will generally be equal to 0.0833% (equivalent to a per annum rate of 1%) of the net asset value of the Client's account at the open of business on the first business day of each calendar month (after giving effect to any capital contributions on such date), and will be payable within 10 days after such date.
- The incentive fee will be computed at the end of each calendar year and will generally be equal to ten percent (10%) of the Net Account Profits (as defined below) of the Client's account for such calendar year. The incentive fee will not be payable with respect to any year if, during any prior year, the Client's account incurred a Net Account Loss (as defined below) unless and until all prior Net Account Losses incurred in the Client's account have been recouped by subsequent Net Account Profits. In the event that any amounts are withdrawn by the Client from its account at any time at which there are prior unrecouped Net Account Losses, the amount of such Net Account Losses which must be recouped for purposes of subsequent calculations of the incentive fee shall be reduced ratably by the proportion such withdrawal bears to the amount of the Client account immediately prior to such withdrawal. For purposes of calculating the incentive fee: (a) "Net Account Profit" is the excess, if any, of realized and unrealized investment gains, income and dividends in the Client's account for a computation period, over realized and unrealized investment losses in the Client's account for such period; and (b) "Net Account Losses" is the excess, if any, of realized and unrealized losses in

the Client's account for a computation period, over realized and unrealized gains, income and dividends in the Client's account for such period. The incentive fee for a calendar year will be payable within 10 days after the end of the calendar year. Incentive fees paid to us are not refundable, notwithstanding any Net Account Losses that may be incurred by a Client's account in future periods.

Notwithstanding the foregoing, it is anticipated that a majority of our fee arrangements with Clients will be negotiated and agreed upon on a client-by-client basis, and specific fee arrangements may differ in one or more material respects from the standard fees described above. The specific compensation payable by a Client will be described in a written investment advisory agreement to be entered into by and between the Client and Taylor.

Expenses

Each Investment Fund pays, or reimburses Taylor or the Investment Fund's administrator for, operating expenses and other costs of the Investment Fund including, but not limited to (subject to some variation by Investment Fund):

- Accounting and auditing fees and expenses.
- Fees and disbursements of our attorneys and consultants performing work benefiting the Investment Fund.
- Insurance and bonding costs.
- Investment-related expenses and transaction costs, including but not limited to brokerage commissions and expenses, interest on loans and debit balances, broker service fees and other clearing and custodial expenses.
- Fees (including our legal fees and legal fees of the Investment Fund) or assessments in connection with any regulatory registrations, qualifications and/or approvals of the Investment Fund or us deemed appropriate by us.
- The cost of preparation and distribution of reports and statements to Investment Fund investors and of holding investor meetings.
- Filing and recording fees.
- A pro rata portion of the fees and expenses of Investment Vehicles (including, without limitation, all management fees and incentive allocations, incentive fees and other fees and charges of investment managers, accounting, auditing and legal expenses and any and all trading expenses and transaction costs, including brokerage commissions and expenses, borrowing costs, clearing and settlement charges, interest on loans and debit balances, margin interest, broker service fees and other clearing and custodial expenses).
- Fees and expenses of third parties (i.e., consultants, subadvisors, administrators, etc.) retained by or on behalf of the Investment Fund.
- Federal, state, local and foreign taxes payable by the Investment Fund, if any.
- Organizational expenses of the Investment Fund.

Separate Account Clients will generally be responsible for all custodial fees, brokerage commissions, clearing fees, interest and withholding or transfer taxes incurred in connection with trading for the separate account, and our management fees and incentive fees. In addition,

if separate account assets are invested in Investment Vehicles, than the account will bear a pro rata portion of the fees and expenses of Investment Vehicles (including, without limitation, all management fees and incentive compensation and other fees and charges of the Investment Vehicles' investment managers, accounting, auditing and legal expenses and any and all trading expenses and transaction costs, including brokerage commissions and expenses, borrowing costs, clearing and settlement charges, interest on loans and debit balances, margin interest, broker service fees and other clearing and custodial expenses).

In the case of both Investment Fund and Separate Account Clients, Taylor may invest a portion of Client assets in one or more money market funds, mutual funds or exchange-traded funds. When such investments are made, the Client account will be paying, in addition to the above, the Client account's proportionate share of any management fees charged by the investment manager of such money market fund, mutual fund or exchange-traded fund.

The brokerage and other transaction costs that may be borne by an Investment Fund and Separate Account Clients are described in more detail in Item 12 (Brokerage Practices) in this Brochure.

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

Taylor may receive compensation from certain Investment Fund and Separate Account Clients in the form of incentive compensation (which constitutes performance-based compensation). We also receive compensation in the form of asset-based management fees. There are a number of risks and conflicts that may arise in connection with performance-based compensation, including the following:

- Performance-based compensation may create an incentive for Taylor to make riskier or more speculative investments than would be made under a different advisory fee arrangement, thus resulting in a conflict of interest.
- As performance-based compensation will generally be based upon portfolio gains, both realized and unrealized (net of realized and unrealized losses), it is possible that Taylor may receive performance-based compensation based upon unrealized appreciation in particular portfolio positions.
- For purposes of calculating performance-based compensation (as well as management fees), valuations of Investment Fund and separate account investments in Investment Vehicles for which market values are not generally available will generally be based upon the Investment Managers' valuations of their respective Investment Vehicles. Valuations of other securities or instruments, for which market values are not generally available, will be based upon such method(s) of valuation as we shall determine in our discretion.

We also serve as the investment adviser to certain accounts that pay us an asset-based fee and not a performance-based fee. As a result we have a conflict of interest, because we can potentially receive greater fees from accounts having a performance fee structure than from those accounts we charge asset-based fees only.

We owe a fiduciary to our clients not to favor the account of one client over that of another, without regard to the types and amounts of fees paid by those accounts, and we have allocation policies and procedures in place to ensure that accounts are treated fairly. Generally speaking, allocations are made among accounts with a similar strategy on a *pro rata* basis based on the size of the account.

ITEM 7. TYPES OF CLIENTS

Taylor Clients include Investment Funds and persons that establish separate accounts.

The types of investors in the Investment Funds we manage may include the following: individuals; banks and thrift institutions; investment companies; pension and profit sharing plans; trusts; estates; charitable organizations; corporations and other business entities; segregated account and general account assets of insurance companies; and investment advisers and Investment Vehicles that employ “multi-manager” or “multi-strategy” investment strategies. Separate Account Clients may include both institutional and high net worth investors.

Each Investment Fund has an initial minimum investment amount of \$500,000, which may be waived in our discretion. Separate Account Clients may be subject to an initial minimum investment amount of \$5,000,000.

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

Taylor Insurance Series LP. Taylor serves as general partner of Taylor Insurance Series LP. Taylor Insurance Series LP is organized as a Delaware multi-series limited partnership. Pursuant to its Certificate of Limited Partnership and Limited Partnership Agreement, Taylor Insurance Series LP may from time to time, establish one or more distinct and separate series of limited partners and limited partnership interests (each, a “Series”), having its own specific investment objective, strategy, rights and obligations as designated in Taylor Insurance Series LP’s Limited Partnership Agreement. The assets and liabilities of each Series are intended to be segregated from the assets and liabilities of each other Series and from the general assets and liabilities of Taylor Insurance Series LP (pursuant to Section 17-218 of the Revised Uniform Limited Partnership Act of the State of Delaware).

Each Series of Taylor Insurance Series LP employs a “fund of funds” investment strategy pursuant to which Series capital is invested in investment funds or accounts (“Investment Vehicles”) managed by third party investment managers (“Investment Managers”). Such investments are made either directly in Investment Vehicles or indirectly through investments with strategy-focused investment funds that we also manage.

As of the date of this brochure, Taylor Insurance Series LP has the following issued and outstanding Series:

- Series C. Taylor Insurance Series LP – Series C seeks to generate absolute returns via a relatively concentrated multi-manager portfolio investment approach. Series C allocates to select independent investment funds that utilize a range of investment strategies with a focus on long/short equity, event-driven and other equity strategies with high rates of investment turnover and/or realized income. As such, Series C may be expected to exhibit equity-like volatility and modest correlation to the global securities markets. We have broad investment authority with respect to Series C and, as such, Series C may invest in additional securities and investments as we deem appropriate.
- Series G. Taylor Insurance Series LP – Series G seeks to generate attractive risk-adjusted returns, while preserving capital and maintaining low correlation to market indices, via a diversified multi-manager portfolio investment approach. Series G allocates to select independent investment funds that utilize a wide range of investment strategies. Strategies may include but are not limited to long/short and other equity strategies, fixed-income, futures, options and other derivative instruments, currencies, international investing, distressed securities, arbitrage and special situations. We have broad investment authority with respect to Series G and, as such, Series G may invest in additional securities and investments as we deem appropriate.
- Series K. Taylor Insurance Series LP – Series K seeks to achieve attractive long-term returns, by employing a multi-manager, multi-strategy investment approach pursuant to which the General Partner maintains investments with a group of investment advisers managing investment funds, vehicles or accounts. Series K maintains investments with a combination of investment advisors employing a range of investment strategies, including but not limited to credit, relative value and other yield oriented strategies, long-short and other equity strategies, international investing, futures, options and other derivative instruments, currencies, distressed

securities, arbitrage and special situations. There are no geographic restrictions on the markets in which investment advisors invest. Allocations to independent investment advisors may be made directly (by investments in or allocations to investment vehicles managed by them) or indirectly (by investments in or allocations to investment vehicles managed by Taylor or an affiliate which in turn invest in or allocate assets to independent investment advisors), or a combination thereof.

- **Series N. Taylor Insurance Series LP** – Series N seeks to generate attractive risk-adjusted absolute returns via a focused multi-manager investment approach that emphasizes event-driven and value-oriented opportunities primarily in certain core sectors, including, without limitation, retail and consumer, real estate, gaming, lodging, leisure, travel and other related sectors. Series N assets are allocated to a subadvisor, who will aim will be to generate positive absolute returns while limiting portfolio volatility and preserving capital during times of adverse market conditions. In addition to the assets managed by a subadvisor, it is anticipated that a portion of Series N will be allocated to one or more other investment advisers (inclusive of the subadvisor) managing investment funds, vehicles or accounts. In general, Series N and underlying investment vehicles may invest both long and short in a variety of instruments and securities including, but not limited to, bank loans, corporate bonds, subordinated debt, convertible debt, preferred stock, credit derivatives, equities and private real estate partnerships. At the discretion of the Taylor, a portion of Series N may be invested in a private fund for which the subadvisor serves as investment adviser.
- **Talson Acier Fund.** The Talson Acier Fund, a series of Taylor Insurance Series LP, seeks to generate superior risk-adjusted returns, with international equity market risk and modest correlation to the global securities markets, via a relatively concentrated multi-manager portfolio investment approach. The Talson Acier Fund allocates to a small number of independent investment funds that utilize a range of investment strategies. Strategies may include but are not limited to long/short and other directional equity strategies, and to a lesser extent, sovereign debt, local interest rates, currencies and commodities. While underlying positions may be expected to include both developed and emerging markets exposure, such exposure may vary over time depending upon the subset of opportunities.
- **Sound Point Floating Rate Fund.** The Sound Point Floating Rate Fund, a series of Taylor Insurance Series LP, seeks to generate attractive risk-adjusted returns while preserving capital via a single manager, credit-focused strategy. The Fund allocates capital primarily to senior secured or second lien bank loans or bonds, which may be expected to provide a level of security in a default scenario, while the floating-rate nature of the loans or bonds provide a hedge against rising interest rates. The Fund's capital is diversified across companies and industries and may be invested in credit instruments directly as well as via pooled investment vehicles and ETFs.
- **Relative Value Strategies.** Taylor Insurance Series LP – Relative Value Strategies Series, a series of Taylor Insurance Series LP, seeks to achieve attractive risk-adjusted returns, while preserving capital, through diversified strategies and a diversified group of investment advisers who manage Series Assets through a variety of investment structures including but not limited to: (1) a fund of funds structure; (2) a proprietary fund of funds structure; (3) a custodial investment account structure; or (4) a combination of preceding structures.

Additional details regarding the investment strategies of Series C, Series G, Series K, Series N,

the Talson Acier Fund, the Sound Point Floating Rate Fund, and Relative Value Strategies series of Taylor Insurance Series LP may be found in the offering memorandum of each fund. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

Taylor Investment Series Ltd. In addition to Taylor Insurance Series LP, Taylor serves as investment adviser of Taylor Investment Series Ltd., a Bermuda segregated accounts company. Pursuant to Taylor Investment Series Ltd.'s Memorandum of Association and Bye-laws, the board of directors of Taylor Investment Series Ltd. may, from time to time, establish one or more classes of common shares (each, a "Class"). Each Class has the specific rights and obligations as are designated by the board of directors. Taylor Investment Series Ltd. has, pursuant to the Bermuda Segregated Accounts Companies Act 2000, created segregated accounts for the purpose of segregating the assets and liabilities relating to each Class from (a) the assets and liabilities relating to other Classes and (b) the general assets and liabilities of Taylor Insurance Series Ltd. Each Class of Taylor Investment Series Ltd. employs a "fund of funds" investment strategy pursuant to which Class capital is invested in Investment Vehicles managed by Investment Managers.

As of the date of this brochure, Taylor Investment Series Ltd. has the following issued and outstanding Class:

- **Class F. Taylor Investment Series Ltd. – Class F** seeks to generate attractive risk-adjusted returns, while preserving capital and maintaining low correlation to market indices, via a diversified multi-manager portfolio investment approach. Class F allocates to select independent investment funds that utilize a wide range of investment strategies. Strategies may include but are not limited to long/short and other equity strategies, fixed-income, futures, options and other derivative instruments, currencies, international investing, distressed securities, arbitrage and special situations. We have broad investment authority with respect to Class F and, as such, Class F may invest in additional securities and investments as we deem appropriate.

Additional details regarding the investment strategies of Class F of Taylor Investment Series Ltd. may be found in the offering memorandum for the fund. . In the event of a conflict between the information set forth in this brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

Risks of Investment

The investment strategies described above that we use for an Investment Fund and Separate Account Clients cover a wide range of investment types. All securities investments risk the loss of capital. The nature of the securities purchased and of the investment techniques and strategies we employ may increase this risk. There can be no assurance that Investment Fund or Separate Account Clients will not incur losses. Many unforeseeable events, including but not limited to actions by various government agencies, and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect the performance of Investment Funds and accounts.

Any past successes with Taylor's investment methodology cannot assure future results. There can be no assurance that the investments or investment techniques we employ will achieve the Clients' respective investment objectives or that Investment Funds or accounts will be profitable. Investors should be able to bear the risk of loss of their investment.

The following risks may arise in connection with any of the Investment Funds or separate accounts managed by us. More detailed information and disclosure regarding investment risks is set forth in the offering documents of each fund, which should be carefully reviewed prior to investment.

General Risks

Lack of Operating History/Dependence Upon Future Performance. Although the Taylor Insurance Series LP, Taylor Investment Series Ltd. and Taylor Navigator funds each have an operating history, such operating histories are limited. In addition, the Investment Vehicles to which Taylor allocates Client capital may also have limited operating histories. Historical performance information does not provide any assurance as to the future performance information of any Investment Fund. The success of any Investment Fund will depend substantially on the future performance of Taylor and the underlying Investment Managers selected for investment. In the event that the services of a portfolio manager become unavailable for any reason, investment performance could be adversely affected.

Alternative Investing Generally. Investing in hedge funds may be considered speculative in nature and not a complete investment program. Investments in hedge funds are intended for sophisticated investors who understand and are able to bear the risk of loss associated with such investments. No assurance can be made that an Investment Fund will achieve its objective, or avoid incurring substantial losses. The securities markets have in recent years been characterized by volatility and unpredictability. In addition to market risk, there is unpredictability as to changes in general economic conditions, which may affect the profitability of an Investment Vehicle's underlying positions. Taylor does not have direct control of Client assets once they are allocated to an Investment Vehicle. Substantial withdrawals within a short period of time could require an Investment Manager to arrange for the liquidation of underlying positions more rapidly than would otherwise be desirable, and thereby (a) adversely affect the value of an Investment Vehicle's remaining assets, and/or (b) cause the use of leverage in order to satisfy withdrawal requests, and/or (c) make it more difficult to generate positive performance or recoup losses going forward.

Counterparty Risk. The institutions, including brokerage firms and banks, with which Investment Vehicles (directly or indirectly) do business, may encounter financial difficulties that impair the operational capabilities or the value of securities owned by Investment Vehicles.

Fund of Funds Approach. Although Taylor will endeavor to select Investment Vehicles that utilize investment strategies and policies consistent with our criteria, Taylor will not have control over an Investment Manager's decisions with respect to underlying investments. While we endeavor to monitor allocations to Investment Vehicles and to obtain periodic reports regarding portfolio exposures and performance, there can be no assurance that we will at all times be able to obtain the levels of transparency with respect to each Investment Vehicle as we may request. When provided, such information may not necessarily be timely or complete. In addition, Investment Managers may from time-to-time invoke their discretion to limit withdrawals, particularly during periods of market disruption.

The fund of funds portfolio investment approach places limitations on our ability to value investment assets. Investment Vehicles may invest in securities for which a market value is not readily obtainable, or may delay reporting of month-end or year-end valuations. While we will seek to invest in Investment Vehicles whose financial statements are audited by independent certified public accountants on at least an annual basis, we do not independently verify valuations or other information provided by Investment Managers or their service providers.

Possible Concentration. While the fund of funds portfolio investment approach is intended to

achieve diversification and thereby reduce risk, investment assets may from time to time be relatively concentrated. Concentration can increase the relative risk and volatility of an investment fund, vehicle or account. Conversely, a high degree of diversification, while reducing volatility of return, can have the effect of reducing the overall rate of a portfolio's return.

Compensation of Investment Advisors; Incentive-Based Compensation. Investors may in effect incur the costs of two (or more) forms of investment management services: (a) the services provided by Taylor in allocating capital to Investment Vehicles, and (b) the services provided by Investment Managers. Fees for investment management services may include both management and incentive fees, in addition to the expenses incurred for the formation and operation of Investment Vehicles. As a result, the aggregate investment advisory compensation and expenses to which an investor will be subject may be substantial. Incentive-based compensation may create an incentive for an investment advisor to make investments that are riskier or more speculative than would be the case in the absence of such incentive-based compensation.

Fund Expenses. Investors will bear their ratable share of the expenses (and fees, as described above) of Investment Vehicles. Some Investment Vehicles may employ strategies, such as frequent trading, or operational practices which generate significant expenses, exceeding those of other investment entities of comparable size.

Withdrawal Limitations. Investment Vehicles typically have a variety of limitations upon withdrawals of capital, with many permitting such withdrawals only at quarterly or annual intervals, only after so-called "lock-up" periods (which may range from one year to a number of years), and with many charging withdrawal fees for certain withdrawals. Such limitations may adversely affect Taylor's effectiveness in re-allocating capital among Investment Managers.

Limited Regulation. Investment Vehicles are generally not subject to, or are exempt from, registration under a variety of federal and state securities laws. Investment Vehicles and Investment Managers are subject to varying levels of regulation. Registration with a regulatory authority, such as the U.S. Securities and Exchange Commission, does not imply governmental approval of an Investment Manager's investment program or operations. Moreover, Investment Vehicles are typically organized as limited partnerships or other similar entities with governing documents that may provide limited recourse against Investment Managers, for example, limited to instances of willful misconduct or gross negligence. For this reason the right of recovery available to investors in Investment Vehicles in the event of an Investment Manager's malfeasance may be limited.

Illiquid Nature of Interests. Interests in Investment Funds should not be acquired with a view to their resale or other distribution, as such interests are not registered under the Securities Act, and the transferability of such interests is substantially restricted.

Lack of Participation by Limited Partners. Limited Partners have no right to participate in management decisions of Investment Funds and their rights to vote on a variety of matters, including amendments to the Partnership Agreement, may be restricted.

Specific Risks

In addition to the foregoing risks related to the anticipated investments of Investment Funds Clients, there are investment risks inherent in the allocation of funds of funds' assets to Investment Vehicles due to the investment-related techniques utilized by their Investment Managers. Such risks include but are not limited to the following:

Possible Concentration of Investments. Unlike certain investment vehicles, (such as diversified mutual funds) some Investment Vehicles to which Client assets may be allocated may be relatively concentrated as to investments. Concentration of investments in a limited number of issuers or securities, industries or industry groups, commodities or commodity groups, or countries or regions, particularly in the context of event-related investing, can increase significantly investment risk and portfolio volatility.

Short Selling. Short selling will be part of the investment strategies of many Investment Managers. Selling securities or derivative instruments short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. Short selling can also involve significant borrowing and other costs which can reduce the profit or create losses in particular positions. Short selling, particularly in the case of thinly traded or speculative securities, can involve the further risk of an inability to locate or purchase adequate amounts of the security sold short in order to cover the short position. In addition to the use of short selling as a hedging technique, short selling may also be used for speculative purposes.

Limited or No Hedging by Investment Fund; Limitations of Hedging. Although certain of the investment advisors selected by the General Partner may employ various hedging techniques on a limited basis, the extent and effectiveness of such hedging strategies may vary substantially. Moreover the Investment Fund or Separate Account Client's investment strategy may not focus on investment advisors who employ fully hedged or "market neutral" strategies.

Leverage. Investment Vehicles may incur leverage when deemed appropriate by their investment advisors. Leverage may be incurred by borrowing money from banks or other institutions, for investment purposes, to increase investment positions or to make additional investments. Leverage may also be incurred through the use of derivatives. While leverage (including the use of derivatives) presents opportunities for increasing an Investment Vehicles' total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment, either directly or indirectly, could be magnified to the extent that leverage is employed. The effect of the use of leverage by an Investment Vehicle in a market that moves adversely to the investments of the entity employing the leverage, could result in a loss to the Investment Vehicle that would be greater than if leverage were not employed. In addition, the interest cost at which the Investment Vehicle can borrow will affect the operating results of the Investment Vehicle. The use of short-term margin borrowings may result in certain additional risks.

Options. Investment Vehicles may utilize options and other derivative instruments in furtherance of their investment strategies. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The writing (selling) of uncovered options involves a theoretically unlimited risk of a price increase or decline, as the case may be, in the underlying security. The expiration of unexercised long option positions effectively results in loss of the entire cost or premium paid for the option. Option premium costs, as well as the cost of covering options written by Investment Funds, can reduce or eliminate position profits or create losses.

Brokerage Practices. Investment Managers will typically be free to select broker-dealers to execute transactions for their Investment Vehicles. Taylor will not have the opportunity to require particular brokerage placement practices or to review individual securities transactions.

Non-U.S. Securities. Investment Vehicles may invest, to varying degrees, in non-U.S. securities. Such securities may involve numerous risks resulting from market and currency fluctuations, adverse political and economic developments, limitations on the repatriation of currencies or

other governmental laws or restrictions, currency revaluations, reduced availability of public information concerning issuers and the lack of uniform or a comparable degree of accounting, auditing and financial reporting standards or of other regulatory practices and requirements. In addition, securities of companies of some countries may be illiquid and their prices volatile and, with respect to certain countries, the possibility exists of expropriation, nationalization, exchange control restrictions, confiscatory taxation and limitations on the use or removal of funds or other assets of an Investment Vehicle, including the withholding of dividends.

Fixed Income Investments: When an investment fund or investment vehicle invests in fixed income securities or derivatives, the value of an investment in the investment fund or Investment Vehicle will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities or derivatives. In general, the market price of debt securities with longer maturities will increase or decrease more in response to changes in interest rates than shorter-term securities. Other risk factors include credit risk (the debtor may default) and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments). These risks could affect the value of a particular investment by an investment fund or Investment Vehicle possibly causing the fund's share price and total return to be reduced and fluctuate more than other types of investments.

Futures Contracts Risk: Certain investment funds and Investment Vehicles will have exposure to managed futures investments. A futures contract provides for the future sale by one party and purchase by another party of a specified amount of a specific financial instrument (e.g., units of a stock index) for a specified price, date, time and place designated at the time the contract is made. Brokerage fees are paid when a futures contract is bought or sold and margin deposits must be maintained. Entering into a contract to buy is commonly referred to as buying or purchasing a contract or holding a long position. Entering into a contract to sell is commonly referred to as selling a contract or holding a short position.

Unlike when an investor purchases or sells a security, no price would be paid or received by the investor upon the purchase or sale of a futures contract. Upon entering into a futures contract, and to maintain the investing entity's open positions in futures contracts, the investing entity would be required to deposit with its custodian or futures broker in a segregated account in the name of the futures broker an amount of cash, U.S. government securities, suitable money market instruments, or other liquid securities, known as "initial margin." The margin required for a particular futures contract is set by the exchange on which the contract is traded, and may be significantly modified from time to time by the exchange during the term of the contract. Futures contracts are customarily purchased and sold on margins that may range upward from less than 5% of the value of the contract being traded.

If the price of an open futures contract changes (by an increase in the underlying instrument or index in the case of a sale or by a decrease in the case of a purchase) so that the loss on the futures contract reaches a point at which the margin on deposit does not satisfy margin requirements, the broker will require an increase in the margin. However, if the value of a position increases because of favorable price changes in the futures contract so that the margin deposit exceeds the required margin, the broker will pay the excess to the investing entity.

These subsequent payments, called "variation margin," to and from the futures broker, are made on a daily basis as the price of the underlying assets fluctuate making the long and short positions in the futures contract more or less valuable, a process known as "marking to the market." The investing entity will expect to earn interest income on its margin deposits.

Although certain futures contracts, by their terms, require actual future delivery of and payment for the underlying instruments, in practice most futures contracts are usually closed out before the delivery date. Closing out an open futures contract purchase or sale is effected by entering

into an offsetting futures contract sale or purchase, respectively, for the same aggregate amount of the identical underlying instrument or index and the same delivery date. If the offsetting purchase price is less than the original sale price, the investing entity realizes a gain; if it is more, the investing entity realizes a loss. Conversely, if the offsetting sale price is more than the original purchase price, the investing entity realizes a gain; if it is less, the investing entity realizes a loss. The transaction costs must also be included in these calculations. There can be no assurance, however, that the investing entity will be able to enter into an offsetting transaction with respect to a particular futures contract at a particular time. If the investing entity is not able to enter into an offsetting transaction, the investing entity will continue to be required to maintain the margin deposits on the futures contract.

Conflicts of Interest

There are a number of potential conflicts of interest that may develop as between Taylor and its Clients, with respect to the management of investment funds and/or accounts.

Possible Conflicts with Other Managed Funds or Accounts. Taylor, the Portfolio Manager and other key personnel of the General Partner currently have responsibilities for multiple investment funds and accounts. Portfolio investments will vary and every Client will not invest in every Investment Vehicle selected for investment by another Investment Fund and/or Separate Account Clients.

Possible Other Relationships with Investment Managers. Taylor employs objective criteria in selecting Investment Vehicles for investment. However it is possible that the Investment Manager of an Investment Vehicle selected for investment may have an existing or prior relationship or business dealing with Taylor and/or one or more of its principals or employees. The fact of existing or prior relationship or business dealing will not disqualify an Investment Manager from consideration.

Conflicts Regarding Valuations and Other Matters. Taylor is and will be responsible for a variety of important matters affecting investment fund and Separate Account Clients, including general authority with respect to the valuation of investments. In the case of investment funds, Taylor has appointed an independent administrator to calculate the net asset value of Investment Vehicles in which an investment fund invests. Such valuations will affect performance reporting as well as the determination of the management fee and any incentive compensation paid to Taylor.

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 Taylor or the integrity of Taylor's management. Taylor has no information applicable to this Item

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Material Financial Industry Affiliations of the Firm

Registered investment advisers are required to disclose all material financial industry affiliations that would be material to your evaluation of Taylor or the integrity of Taylor's management.

Kevin McDonald, one of Taylor's principals is also affiliated with Folger Hill Asset Management, LLC ("Folger Hill"). Folger Hill is an investment adviser with a similar investment strategy (equity long/short, multi-manager). Such affiliation may create potential conflicts of interest if Taylor invests with Folger Hill. To resolve such potential conflicts of interest, Taylor will deal with Folger Hill on an arm's length basis only.

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

Code of Ethics

Taylor has established a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The purpose of our Code of Ethics is to set forth the ethical framework in which our principals and employees are required to operate, and to highlight our standards of business conduct. We ensure that all personnel are aware of and adhere to the firm's Code of Ethics. A copy of Taylor's Code of Ethics is available upon request.

The description set forth below is summary in nature.

Standard of Business Conduct. It is the responsibility of all Taylor principals and employees to ensure that the firm conducts its business in keeping with its fiduciary obligations to its Clients. Principals and employees are expected to place the best interests of Clients first, and to refrain from outside interests or activities that conflict with the interests of our Clients.

Privacy of Client Information. Information relating to our investment fund and Separate Account Clients, including investment holdings and portfolio activities, is strictly confidential.

Personal Securities Transactions. Taylor principals and employees are required to comply with the firm's personal account trading policy. Under the Code, Taylor's Employees are permitted to maintain personal trading accounts provided that such accounts are disclosed to Taylor and any personal trading by Employees must be consistent with applicable law and with the Code. Taylor's Chief Compliance Officer periodically reviews the personal accounts of its Employees for compliance with these policies and procedures.

Conflicts of Interests. Taylor has a duty to disclose potential and actual conflicts of interest to Clients. Neither the firm nor any of its principals or employees may use confidential information for the purpose of furthering any private interest.

Reporting of Violations. Any actual or potential conflicts of interest, violations of law, or violations of Taylor's policies or procedures are required to be promptly reported. The firm will not take any action against a person who reports such violation or potential violation.

ITEM 12. BROKERAGE PRACTICES

Taylor does not anticipate that its identification and selection of Investment Managers and Investment Vehicles for the Investment Funds will require broker-dealer execution services. However, where Taylor has the authority to make direct investments of Client assets, we will generally have full discretion with respect to the initiation of transactions as well as full authority to select broker-dealers, if applicable, to execute such transactions, subject to principles of best execution and requirements of applicable law.

Taylor may utilize a number of broker-dealers to effect transactions for Client assets. Subject to principles of best execution, we generally select such broker-dealers based upon:

- quality of execution,
- expertise in particular markets,
- reputation, experience and financial stability,
- quality of service,
- familiarity with investment practices and techniques employed with respect to the Client assets,
- investment research provided by such firms,
- securities allocation,
- the availability of margin or other leverage,
- block positioning or other special execution capabilities,
- commission rates, and
- other services.

When we allocate brokerage, the commissions a Client will pay to brokers will not necessarily represent the lowest commission rate available, but will reflect our evaluation of the research and other brokerage related services supplied by such brokers and the benefit of such services to the Client, either alone or together with our other Clients.

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” to investment advisers who use commission dollars of their advisory accounts (so-called “soft-dollar” arrangements) to obtain investment research, brokerage and other services that provide appropriate assistance to the investment adviser in performing investment decision-making responsibilities, provided that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of the services so provided.

Accordingly, Taylor may utilize allocations of commission dollars to pay for (i) certain expenses which would otherwise be borne by the Clients (and which therefore do not involve the conflict of interest issues normally presented by “soft dollar” arrangements covered by Section 28(e)) and/or (ii) products or services that qualify as “research and brokerage services”, within the meaning of Section 28(e), pursuant to arrangements that meet the other requirements of that section. We will not, in considering the reasonableness of brokerage commissions paid with respect to the assets of a particular Client, attempt to allocate the relative costs or benefits of research as between Clients, accounts or entities except in limited circumstances where we deem appropriate.

Notwithstanding the foregoing, Taylor does not currently have any soft-dollar arrangements with respect to investment fund or Separate Account Clients.

ITEM 13. REVIEW OF ACCOUNTS

With respect to each of Taylor's Client accounts, Barry F. Cronin, Taylor's portfolio manager, will, in general, review and/or supervise all securities transactions. Jason M. Taylor, the President of Taylor's general partner, TIAGP Inc., may also review and/or supervise securities transactions. Such persons may consult with Taylor's Investment Committee, which is comprised of Mr. Cronin and Mr. Taylor and other persons associated with Taylor, in connection with such responsibilities. The frequency and extent of reviews may vary, depending upon the type of advisory services provided by Taylor to a particular Client. In general, Investment Funds and separate accounts will be reviewed at least monthly. Such review may include an evaluation of individual investments, performance to date, the appropriateness of investment exposures in light of the Client's investment objectives, recent investment activity and consideration as to whether changes should be made to the Client's portfolio.

Following the end of each fiscal year, each investor in an Investment Fund managed by Taylor will be provided with audited financial information with respect to the performance of the fund, as well as information regarding the status of the investor's capital account and certain tax reporting information. In addition, each investor will be provided with unaudited performance and other information on a monthly or quarterly basis throughout the calendar year.

Separate Account Clients will also generally receive unaudited performance and other information on a monthly or quarterly basis. Taylor may provide additional information with respect to portfolio holdings and account activity as may be agreed upon by Taylor and the Client.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Investment Funds may compensate third parties for referring investors, at no additional cost to the Investment Funds. Referral fees are generally a percentage of the management fees earned by Taylor. As applicable, third parties referring investors will generally determine the share class of the Investment Fund that will be offered to the investor. Each share class generally charges a different management fee. See above Item 5. As applicable, such referral arrangements will conform to Rule 206(4)-3 under the Advisers Act.

With respect to the Investment Funds, as a general matter, Taylor does not have actual custody of any funds or securities but may be deemed to have constructive custody. Notwithstanding the foregoing, audited financial statements are furnished annually to all investors in the Investment Funds.

Where Taylor may be deemed to have custody of a separate account, brokerage statements will be generated no less than quarterly. These statements will be provided directly to the Client by the account custodian, and will list the account positions, activity in the account over the covered period, and other related information.

Separate Account Clients will also be sent confirmations following each brokerage account transaction unless receipt of confirmations has been waived by the Client. Clients should carefully review statements they receive from the account custodian.

ITEM 16. INVESTMENT DISCRETION

Taylor provides investment advisory services on both a discretionary and a non-discretionary basis.

Investment Fund investors generally do not have any ability to restrict the investments of the fund. Separate Account Investors will have greater flexibility to impose restrictions on types of investments or investment strategies.

Taylor generally exercises investment discretion as General Partner of an Investment Fund that is organized as a domestic limited partnership. In the case of (i) an Investment Fund organized as a limited purpose company, or (ii) a separately managed investment account, we exercise investment discretion pursuant to an investment management agreement entered into with such company or Separate Account Client.

ITEM 17. VOTING CLIENT SECURITIES

Taylor has the authority to vote proxies on behalf of the Investment Funds and Separate Account Clients. We have a written policy in place regarding the voting of proxies that is designed to ensure that Investment Funds fulfill their fiduciary obligation to investors in a timely and prudent manner, and that Taylor fulfills its fiduciary obligation to Separate Account Clients. The policy is intended to address a range of common business and social issues often contained in proxy statements. We will deal with items not specifically addressed in the policy on a case-by-case basis.

A copy of Taylor's written policy with respect to Proxy Voting is available upon request.

ITEM 18. FINANCIAL INFORMATION

Taylor does not have any financial condition that would be likely to impair its ability to meet its commitments to its Clients.