

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV

FIRM BROCHURE

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF TACHYON PARTNERS, L.L.C. (“TACHYON”). 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.

TACHYON IS A REGISTERED INVESTMENT ADVISER WITH THE SEC. REGISTRATION OF AN INVESTMENT ADVISER DOES NOT IMPLY ANY LEVEL OF SKILL OR TRAINING.

IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENT OF THIS BROCHURE, PLEASE CONTACT TACHYON AT (609) 683-8200. ADDITIONAL INFORMATION ABOUT TACHYON IS AVAILABLE ON THE SEC’S WEBSITE AT www.adviserinfo.sec.gov.

ITEM 2
MATERIAL CHANGES

Since the last Annual Update of the Brochure on March 30, 2016, Tachyon's clients were reorganized into a master-feeder structure, whereby Parsec Trading Corp. became a master fund, and Parsec Institutional Fund, Ltd. and Parsec Australian Dollar Fund, Ltd., which were launched on April 30, 2016, became its feeder funds. Aside from such reorganization, there were no other material changes to the Brochure since the last Annual Update.

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.....	7
Item 8 – Methods of Analysis, Strategies and Risk of Loss.....	8
Item 9 – Disciplinary History.....	15
Item 10 – Other Financial Industry Activities and Affiliations.....	15
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Item 12 – Brokerage Practices.....	17
Item 13 – Review of Accounts.....	19
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody.....	19
Item 16 – Trading Discretion.....	20
Item 17 – Voting Client Securities.....	20
Item 18 – Financial Information.....	20

ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm

Tachyon Partners, L.L.C. (“Tachyon”) is a Delaware limited liability company that has provided investment and trading advisory services since 1988. Tachyon’s principal owner is Andrew Okun, a Managing Member. Four other Managing Members and one non-Managing Member have ownership interests in Tachyon. Tachyon’s affiliate, Watermark Management Corporation (the “Affiliate”), provides management services to Parsec Trading Corp. (“Parsec”) and its Feeder Funds (as hereinafter defined). Tachyon and the Affiliate are commonly referred to as “The Watermark Group.”

B. Description of Advisory Services

Currently, Tachyon provides investment and trading advisory services to Parsec and to one of Parsec’s feeder funds. Parsec is a British Virgin Islands (“BVI”) company, and was established on July 25, 1990. Parsec is exempted from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”) in reliance on Section 3(c)(7) thereof. Shares in Parsec are offered to United States (“U.S.”) taxable persons on a private placement basis, pursuant to an exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the “Securities Act”), to persons who are (i) “accredited investors,” as defined in Regulation D under the Securities Act, and (ii) “qualified purchasers,” as defined under the Investment Company Act. An investment in Parsec is also subject to certain other conditions, which are set forth in Parsec’s confidential private placement memorandum (“PPM”), dated December 2016.

Parsec has two BVI feeder funds (collectively, the “Feeder Funds”), which were established on March 11, 2016 and commenced operations on April 30, 2016. Parsec Institutional Fund, Ltd. (“PIF”) is denominated in U.S. dollars, and cannot hold positions other than its investment in Parsec. It is therefore not separately managed from Parsec. PIF is exempted from registration under the Investment Company Act in reliance on Section 3(c)(7) thereof. Shares of PIF are offered on a private placement basis to persons who are not “U.S. persons” as defined in Regulation S of the Securities Act, and to U.S. tax-exempt investors that are (i) “accredited investors,” as defined in Regulation D under the Securities Act, and (ii) “qualified purchasers,” as defined under the Investment Company Act. An investment in PIF is also subject to certain other conditions, which are set forth in PIF’s PPM, dated January 2017.

Parsec Australian Dollar Fund, Ltd. (“PAD”) is denominated in Australian dollars, and aside from the currency hedging transactions, which it executes with Parsec in order to denominate PAD in Australian dollars, PAD cannot hold positions other than its investment in Parsec. Tachyon serves as PAD’s trading advisor in order to oversee the currency hedging transactions necessary to denominate PAD in Australian dollars. PAD is exempted from registration under the Investment Company Act in reliance on Section 3(c)(7) thereof. PAD currently has no U.S. investors. Shares of PAD are offered on a private placement basis to persons who are not “U.S. persons” as defined in Regulation S of the Securities Act, and to U.S. tax-exempt investors that are (i) “accredited investors,” as defined in Regulation D under the Securities Act, and (ii) “qualified purchasers,” as defined under the Investment Company Act. An investment in PAD is also subject to certain other conditions, which are set forth in PAD’s PPM, dated April 2016.

Currently, Parsec and PIF each offer six series of shares for investment, Series A - F (each, a "Series"). Series A Shares and Series B Shares (collectively "Class I Shares") are identical, except that Series A Shares are voting shares and Series B Shares are non-voting shares. Series C Shares and Series D Shares (collectively "Class II Shares") are identical, except that Series C Shares are voting shares and Series D Shares are non-voting shares. Class I and Class II Shares differ only in their subscription and redemption terms, as forth in Parsec's and PIF's respective PPMs.

Series E Shares and Series F Shares (collectively "Class III Shares") are identical, except that Series E Shares are voting shares and Series F Shares are non-voting shares. Class III Shares differ from Class I Shares and Class II Shares in subscription and redemption terms as well as fee structure, as set forth in the PPMs.

In addition, Parsec maintains another Series of shares, Series M Shares ("Class M Shares") for the investment of certain fees earned by Tachyon. Class M Shares are non-voting shares, and are not subject to the application of any management or incentive fees. In addition, redemptions and subscriptions occur on a fixed schedule, as set forth in Parsec's PPM.

PAD offers only Class I Shares – Series A Shares, which are voting shares, and Series B Shares, which are non-voting shares. Aside from being denominated in Australian dollars, the terms of PAD's Class I Shares are identical to the terms of Parsec's Class I Shares.

The minimum initial capital contribution for Class I Shares and Class II Shares is US \$5,000,000 (or its equivalent in another currency). The minimum capital contribution for Class III Shares is US \$100,000,000 (or its equivalent in another currency). Parsec's and the Feeder Funds' board of directors are authorized to raise or to lower the minimums from time to time, and to accept subscriptions below the established minimum, provided that the minimum initial investment of each investor is an amount equal to or exceeding US\$100,000 (or its equivalent in another currency).

Tachyon makes all investment and trading decisions for Parsec and PAD pursuant to Investment Management Agreements, dated March 26, 2015 and April 1, 2016, respectively (the "IMAs"). Tachyon has sole discretion to direct Parsec's trades in fixed income securities and derivatives. Specifically, Tachyon may: (i) buy or sell fixed-income securities (both foreign and domestic); (ii) negotiate the terms of interest rate swap and other fixed income contractual commitments (in all currencies); (iii) enter into foreign currency transactions along with an offsetting transaction with a feeder fund, where applicable; (iv) buy or sell derivative products relating to the above items, including futures, options on futures and bonds, and collateralized or backed by such items; (v) invest cash in high quality money market instruments; (vi) execute spot foreign exchange transactions as necessary to meet obligations or to receive payments in foreign currency; and (vii) enter into currency forwards and futures to hedge Parsec against changes in the exchange rates between U.S. dollars and other currencies. For PAD, Tachyon may also enter into foreign currency transactions along with an offsetting transaction with Parsec.

C. Customized Client Services

Tachyon customizes its trading advisory services to the needs of its clients. Tachyon currently offers customized services to Parsec and PAD, which are prescribed by the guidelines and restrictions set forth in their respective IMAs.

D. Wrap Fee Programs

Tachyon does not participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2016, the regulatory assets under Tachyon's management on a discretionary basis were \$1,295,902,134, and its net assets under management on a discretionary basis were \$1,084,935,799. Tachyon does not manage any assets on a non-discretionary basis.

***ITEM 5
FEES AND COMPENSATION***

A. Advisory Fees and Compensation

The fees applicable to Parsec, PIF and PAD are set forth in detail in each fund's respective PPM. A summary of such fees is provided below and is qualified in its entirety by the actual terms and conditions set forth in each fund's respective PPM.

Incentive Fee

Tachyon charges an incentive fee based on the performance of Parsec. With respect to Class I Shares and Class II Shares, subject to the application of a high watermark, which is adjusted by a hurdle rate, Tachyon is entitled to receive an incentive fee, calculated at the end of each fiscal period, equal to 20% of the appreciation of the net asset value of the shares. With respect to Class III Shares, Tachyon is entitled to receive an incentive fee, calculated at the end of each Class III fee period, equal to 10% of the appreciation of the net asset value of the shares, plus an additional 10% of the appreciation of the net asset value that is above a specified threshold. Class M Shares are not subject to incentive fees. PIF and PAD are not subject to a direct incentive fee. A more detailed discussion on the incentive fee is set forth in each fund's respective PPM.

Management Fee

Parsec accrues a management fee of approximately 1% annually on all classes of its shares, except Class M Shares. PIF and PAD are not subject to a direct management fee.

The management fee is charged against the shares to which it relates and thereby reduces the NAV of such shares. The management fee is charged against the shares regardless of whether such shares increase or decrease in value over time. A more detailed discussion on the manner in which the management fee is calculated is set forth in each fund's PPM.

B. Payment of Fees

Pursuant to Parsec's IMA, Tachyon is required to submit calculations for all fees to MUFG Fund Services (Bermuda) Fund (the "Administrator"), at the end of any period in which the fee is payable. After performing an independent review, the Administrator authorizes payment of such fees, which are charged to Parsec. Fees are established under Parsec's IMA and are not negotiable on an investor-by-investor basis.

C. Other Fees and Expenses

All other fees and expenses for Parsec and the Feeder Funds, including administrative, transactional, professional, custody, insurance and brokerage commissions, are borne by Parsec and the Feeder Funds. When a particular product or service has a mixed-use such that only a portion of its costs constitutes allowable fund expenses, Tachyon makes a good faith effort to reasonably allocate the costs of such product or service according to its use and only allocates to each applicable fund the portion of such costs that constitutes allowable expenses for such fund. Those portions of the costs that are not allowable fund expenses are paid for by the Affiliate. Tachyon does not receive any portion of or benefit from these fees and expenses. For additional information with regard to brokerage fees, please see Item 12, below.

D. Other Compensation and Conflicts of Interest

Neither Tachyon nor its supervised persons accept compensation for the sale of securities or other products from any third party.

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

As disclosed in Item 5, Tachyon receives a performance-based fee. Tachyon's performance-based fee is structured subject to Rule 205-3 under the Investment Advisers Act of 1940, as amended ("Investment Advisers Act"). The performance-based fee arrangement may create an incentive for Tachyon to select trades that may be riskier or more speculative than those that otherwise might be selected under a different fee arrangement. Tachyon has a fiduciary duty to Parsec and the Feeder Funds to exercise good faith and fairness in all dealings involving Parsec and the Feeder Funds and seeks to take account of such duty in dealing with this conflict of interest. Because Tachyon's trading occurs primarily through Parsec, Tachyon does not face any side-by-side management issues.

ITEM 7 TYPES OF CLIENTS

As stated in Item 4.B. above, Tachyon provides investment advice to Parsec and PAD. Tachyon, its affiliates and employees may, in the future, provide investment advisory services to other clients.

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

A. Methods of Analysis, Investment Strategies and Risk of Loss

Tachyon uses proprietary software to analyze various market parameters and uses such information to develop its trading strategy. Tachyon also makes use of various market reporting services (e.g., Bloomberg), financial newspapers, financial magazines and research materials prepared by other entities, in addition to broker screens and quotes to monitor current and past market conditions.

Tachyon's trading strategy is a fixed-income, relative value strategy that is generally market neutral that seeks to profit from pricing inefficiencies among fixed income instruments (the "Strategy"). Tachyon will seek to identify situations in the interest rate markets in which price relationships are temporarily distorted and will seek to establish positions in related financial instruments in the expectation that the price relationships among such financial instruments will return to fair value. In pursuing the Strategy, Tachyon may take positions in instruments, including U.S. and foreign government securities, governmental agency securities, mortgage-backed securities, corporate bonds, and interest rate swaps, as well as related derivative products, such as futures and options on futures, denominated in any currency. Tachyon does not take positions in equity securities.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies

The risks set forth herein with respect to Parsec and the Feeder Funds may also be applicable to any other clients managed by Tachyon in the future to the extent the investment program overlaps with that of Parsec. Any reference in this section to the "Fund" is intended to mean any one of Parsec or the Feeder Funds, as applicable.

Broad Investment and Trading Mandate and Changes in Strategy. Although Tachyon will follow the Fund's trading guidelines (the "Trading Guidelines") in making investment and trading decisions for the Fund, the Trading Guidelines grant Tachyon broad discretion in placing orders for the Fund in a wide variety of financial instruments and markets. In addition, Tachyon may from time to time modify its trading strategy in response to changing market conditions. There can be no assurance that such modifications will be successful or not result in losses.

Major Market Events. The success of the Fund's strategy depends on the existence of certain price relationships between similar financial instruments. Major market events in the period from October 2008 through March 2009 disrupted those relationships. Credit markets did not function as they historically had with respect to liquidity, pricing, volatility, counterparty credit worthiness and other factors. Other market events could occur in the future that could impair the Fund's ability to generate favorable returns.

Financial Reform Legislation. In 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act. This legislation enacted the most sweeping changes to the financial services industry in over fifty years. The SEC and CFTC have adopted rules consistent with the new law, many of which took effect in 2013. One of the most significant areas in the new law relates to over-the-counter derivatives, such as swaps. For the most part, those derivatives will be required to be traded on a regulated exchange and cleared through a regulated clearing organization. It is not known what the market effects, if any, will be as a result of these statutory and regulatory changes. In addition, the regulatory changes could cause a significant

increase in the direct and indirect costs related to trading swaps, which would make it more difficult for the Fund to generate trading profits.

Leverage. Tachyon will leverage the Fund's portfolio, generally through borrowing to purchase financial instruments (i.e., traditional margin purchases) and purchasing leveraged instruments such as futures and options. Tachyon may also utilize other types of leverage in investing and trading for the Fund. The low margin deposits normally required in trading futures contracts and the leverage used by the Fund in financing its investment and trading activities may result in an extremely high degree of leverage.

Although leverage increases the opportunity for a higher return, it also increases the risk of loss. Among other things, a relatively small price movement in a position may result in immediate and substantial losses to the Fund, and the amount of the Fund's borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant effect on the Fund's profitability.

In addition, one side of a "balanced" position may decline in value, requiring additional margin deposits in connection with the financing of the position prior to a favorable market move in the offsetting position. Although Tachyon believes that it will be unusual for a situation of this type to persist for any prolonged length of time, the markets in which the Fund will acquire (or dispose of) its positions could move in such fashion for extended periods of time or to a significant degree.

The Fund's borrowings typically will be secured by the Fund's securities and other assets. Under certain circumstances, a lender might demand an increase in the collateral that secures the Fund's obligations and, if the Fund were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the Fund's obligations. Liquidation in that manner could have extremely adverse consequences.

Lack of Liquidity in Markets. Despite the ordinarily heavy volume of trading in many financial instruments, such markets can become illiquid rapidly, creating wider spreads and transaction costs. For example, the sub-prime mortgage markets and related fixed income markets experienced a steep decline in liquidity in 2007 and 2008, and many dealers ceased providing quotations for certain securities. This type of market event could be a disadvantage to the Fund, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

Non-U.S. Securities Markets. The Fund will trade financial instruments in non-U.S. as well as U.S. markets. Because non-U.S. markets generally are less regulated than U.S. markets, the trading on those markets presents certain risks that may not be present in trading on U.S. markets.

Currency Risk. A substantial portion of the Fund's assets may be denominated in currencies other than the U.S. dollar. The Fund could experience losses because of adverse currency fluctuations between the U.S. dollar and the denominated currencies of the instruments it trades. Tachyon will endeavor to hedge the U.S. dollar value of the Fund's trading positions by entering into currency futures and forwards when it deems necessary, as described in the Trading Guidelines, but there can be no assurance that such hedging efforts, if undertaken, will be successful.

Credit Risk. There is a risk of default by issuers of financial instruments purchased by the Fund.

Counterparty Risk. The Fund is subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

In addition, some of the markets in which the Fund may effect transactions, such as the interbank market, are “over-the-counter” or “interdealer” markets. The participants in such markets may not be subject to the type of credit evaluation and regulatory oversight typically applicable to members of “exchange based” markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms because of a credit or liquidity problem, thus causing the Fund to suffer a loss.

Further, in the case of a default, the Fund could become subject to adverse market movements while replacement transactions are executed. This risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of the Fund to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Failure of Custodians and Other Financial Institutions. The Fund could incur major losses due to the financial difficulty of the brokerage firms, banks or other custodians with which it deposits its assets, as margin or otherwise.

Substantial Fees and Expenses. The Fund is subject to substantial fees, transaction costs and other costs and other expenses, regardless of whether it realizes any profits. Accordingly, the Fund will have to earn substantial trading profits to avoid depletion of its assets due to such costs and expenses. Tachyon’s entitlement to Incentive Fees might cause it to trade more aggressively for the Fund than would otherwise be the case.

Investor Currency Risk. The shares are denominated in U.S. dollars and redemptions are effected in that currency. Fluctuations in the exchange rate between the U.S. dollar and the primary currency of an investor may reduce or eliminate any potential gains in the value of the investor’s shares.

Tax Risk. The Fund believes that, based upon its operations, it is not engaged in a trade or business within the U.S., and, therefore, not subject to U.S. income or withholding tax on gain from the sale of securities or commodities. This conclusion is not binding on the IRS or any other tax authorities. No ruling or opinion has been or will be requested from the IRS or any other tax authority and there is no assurance that the IRS or any other tax authority will concur with this conclusion. Whether or not the Fund is or may be subject to U.S. income taxation, certain interest income may be subject to U.S. income tax withholding at a rate of 30%. The need for the Fund to avoid engaging in a U.S. trade or business could restrict the manner in which Tachyon invests and trades for the Fund.

In addition, the Fund has not requested an opinion of legal counsel as to whether the Fund will be treated as a partnership (and not as an association taxable as a corporation) for U.S. federal income tax purposes. If the Fund were determined to be taxable as a corporation, it would be subject to regular U.S. federal corporate income tax, plus a 30% branch profits tax, on its income (if any) effectively connected with a U.S. trade or business, and any distributions to investors would be

taxable as dividends to the extent of the earnings and profits of the Fund. In addition, the Fund could be classified either as a “controlled foreign corporation” or, more likely, as a “passive foreign investment company” (“PFIC”), which could result in adverse U.S. federal income tax consequences to certain Shareholders.

AIFM Directive. The European Council and the European Parliament have approved the Alternative Investment Fund Managers Directive 2011/61/EU (the “AIFM Directive”) published by the European Commission on alternative investment fund managers (“AIFMs”). The AIFM Directive has been brought into force substantively in most European Union (the “EU”) Member States. The overarching purpose of the AIFM Directive is to (a) regulate AIFMs based in the EU and (b) prohibit AIFMs from either (i) managing any alternative investment fund (“AIF”) in the EU or (ii) marketing shares in AIFs to investors in the EU unless registered under each EU Member States’ private placement regime, where applicable, in the case of an AIF domiciled outside of the EU (such as the Fund), unless the domicile of the AIF meets certain conditions. To register and market the Fund in the EU, an AIFM (such as Tachyon) would need to comply with various obligations in relation to the AIF which may create additional compliance costs that may be passed to investors in the relevant AIF.

In marketing a non-EU AIF (the Fund) to persons within the EU, Tachyon will be required to: (i) confirm that U.S. regulatory authorities have entered into a cooperation and information sharing agreement with the regulator of each EU country into which the Fund is to be marketed; (ii) confirm that the British Virgin Islands is not listed as a non-cooperative country for the purposes of the Financial Action Task Force; and (iii) provide certain additional regulatory and/or financial information to investors in the EU and regulators of such EU Member States.

The Fund, as a non-EU AIF managed by a non-EU AIFM, may only be marketed to investors in the EU in accordance with applicable national private placement rules. Each EU Member State retains the discretion over its national private placement rules and retains the authority to enact new rules that may require an AIF to become registered with a local regulator before securities can be offered in that EU Member State and/or restrict or limit the ability for interests in any non-EU AIF (such as the Fund) from being marketed in such EU Member State.

If the Fund were to market in the EU, the Fund or Tachyon may be required to implement steps to comply with Member State national rules to implement the AIFM Directive where the Fund is marketed. Compliance measures may be significant or may require amendments to the structure of the Fund.

Dependence on Key Personnel. The Fund is dependent on the services of certain key personnel of Tachyon and the Affiliate for the implementation of the Fund’s Trading Strategy. The Fund could be adversely affected if, because of illness or other factors, their services were not available for any significant period of time.

Trade Error Risk. Occasionally, transactions may be executed erroneously on terms other than those intended. For example, a transaction may be executed in the wrong asset, for the wrong quantity or price, to buy when it was intended to sell, to sell when it was intended to buy, or by reason of a technology or administrative error. Except to the extent otherwise required by law, the Fund will bear the losses or costs of any such errors, unless it is determined that the error was caused by gross negligence.

Cybersecurity. The Fund is subject to risks associated with a breach in cybersecurity at Tachyon, the Affiliate, the Administrator, trading counterparties, and various other financial and non-financial companies with which the Fund does business. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks or other threats, and to minimize the resulting damage and disruption to business. While Tachyon has established policies and procedures that address cybersecurity, there are inherent limitations in such policies and procedures, and the Fund could suffer material adverse effects as a result of any breach.

C. Risks Associated with Particular Types of Securities and Related Derivative Products

The risks set forth herein with respect to Parsec and the Feeder Funds may also be applicable to any other client managed by Tachyon in the future to the extent the investment program overlaps with that of Parsec. Any reference in this section to the “Fund” is intended to mean any one of Parsec or the Feeder Funds, as applicable. Trading securities and related derivative products involves risk of loss that investors and prospective investors in Parsec and the Feeder Funds should be prepared to bear. In evaluating Tachyon’s Strategy, investors should consider the following risk factors:

Trading in Financial Instruments is Speculative and Volatile. As a general matter, substantial risks are involved in trading in financial instruments. The prices of these instruments are volatile and market movements are difficult to foresee or predict. In particular, interest rates are subject to rapid change. One or more markets in which the Fund trades may move against the positions held by the Fund, thereby causing substantial losses. Government policies, especially those of the U.S. Federal Reserve Board and central banks, have profound effects on interest and exchange rates, which, in turn, affect prices in the international markets. Many other unforeseeable and unpredictable events, such as actions by various government agencies, domestic and international political events, changing market sentiment and inflation rates, may also cause sharp market fluctuations. The Fund’s trading is speculative and subject to significant risk of loss.

Short Selling. The Fund will sell securities short, which exposes the Fund to theoretically unlimited risk due to the lack of an upper limit on the price to which the security may rise. Short selling also involves the sale of borrowed stock, and thus if the stock loan is called, the short seller may be forced to buy the stock at a loss. In addition, some traders may attempt to profit by forcing short sellers to incur a loss, or may make large purchases of a stock that has been sold short with the intent to drive up the stock price and cause the short sellers to incur losses. Such traders hope the short sellers will limit their losses by buying the stock and thus force the stock price even higher.

Derivatives. Tachyon will use derivatives, such as futures, options and swaps, in investing and trading for the Fund. Derivatives markets can involve periods of unusual price volatility or instability, market illiquidity or credit distress. Derivatives prices can be volatile, market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the derivatives positions held by the Fund, thereby causing substantial losses. Many of these instruments are not traded on exchanges but rather through an informal network of banks and dealers who have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force the Fund to close out positions).

Swaps. Like other derivatives, swaps are subject to price volatility, instability of the banking industry and market illiquidity. The Fund is required to deposit or “post” collateral to

secure its obligations under the swaps. Even though the Fund takes steps to protect such deposits from default by the other side to the swap, the exchange where the swap was traded or its clearing organization, there is risk of loss to the Fund if the other side to the swap, the exchange or the clearing organization defaults on its obligations.

Futures. Futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the trader. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. A decrease of more than 10% would result in a loss of more than the total margin deposit. Like other leveraged investments, a futures transaction may result in losses that exceed the amount invested.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Tachyon from promptly liquidating unfavorable positions and subject the Fund to substantial losses.

Certain commodity exchanges have also established limits, referred to as “position limits,” on the maximum net long or net short positions which any person may hold or control in particular commodity futures contracts. Tachyon may have to modify its investment and trading decisions for the Fund, and the Fund might have to liquidate positions, in order to avoid exceeding such limits. If this should occur, it could adversely affect the Fund’s profitability.

Options. Tachyon may buy and sell options for the Fund, and there are various risks inherent in such trading. For example, the seller (writer) of a covered call option (*e.g.*, the writer has a long position in the underlying security) assumes the risk of a decline in the market price of the underlying security to a level below the purchase price of the security, less the premium received on the call option. The writer of a covered call option also gives up the opportunity for gain on the underlying security above the exercise price of the call. The writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing the premium invested in the option. The seller (writer) of a covered put option (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option less the premium received on the put option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing the premium it paid to purchase the put option.

In addition, the options markets have the authority to prohibit the exercise of particular options, which if imposed when trading in the option has also been halted, would lock holders and writers of that option into their positions until one of the two restrictions has been lifted.

Combination Transactions. Tachyon may engage in spreads or other combination options transactions involving the purchase and sale of related options and futures contracts. These transactions are considerably more complex than the purchase or writing of a single option. They involve the risk that executing simultaneously two or more buy or sell orders at the desired prices may be difficult or impossible, the possibility that a loss could be incurred on both sides of a multiple options transaction, and the possibility of significantly increased risk exposure resulting from the hedge against loss inherent in most spread positions being lost as a result of the assignment of an exercise to the short leg of a spread while the long leg remains outstanding. Also, the transaction costs of combination options transactions can be especially significant because separate costs are incurred on each component of the combination.

Forward Trading. The Fund may invest in forward contracts and options thereon which, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Tachyon would otherwise recommend, to the possible detriment of the Fund. Market illiquidity or disruption could result in major losses to the Fund.

Australian Dollar Hedges. The Fund has entered into an agreement with PAD to allow PAD to participate in the trading returns of the Fund as if the Fund were denominated in Australian dollars. To accomplish this, the Fund enters into foreign currency transactions along with offsetting transactions with PAD. These foreign currency transactions are not expected to materially reduce the amount of the Fund’s capital that is available to pursue the Fund’s trading strategy. These foreign currency transactions are also expected to increase the Fund’s counterparty risk.

ITEM 9
DISCIPLINARY INFORMATION

Tachyon and its management are not and have not been the subject of any legal or disciplinary events.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-dealer Registration Status

None of Tachyon, the Affiliate or its management persons are registered as, or have any application to register as, a broker-dealer or a registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

Tachyon is registered with the Commodity Futures Trading Commission as both a commodity pool operator and commodity trading advisor. Tachyon also is a member of the National Futures Association (“NFA”) and is registered as an NFA Swap Firm.

Tachyon’s Managing Members are also each registered with the NFA.

C. Material Relationships or Arrangements with Industry Participants

Not applicable.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Not applicable.

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

A. Code of Ethics

Tachyon has adopted a Code of Ethics (“Code”) pursuant to Rule 204A-1 under the Investment Advisers Act. The portion of the Code that governs personal securities transactions is applicable to: (i) any employee of the Affiliate and any of the Managing Members of Tachyon (collectively, “Employees”) who has access to non-public information regarding clients’ purchase or sale of securities, is involved in making securities recommendations to (or in the case of a discretionary manager like the Firm, investment decisions on behalf of) clients or who has access to such recommendations that are non-public (“Access Persons”), and (ii) the members of their households.

The Code requires all Employees to exercise their authority and responsibility for the benefit of Tachyon’s clients and to refrain from activities that may conflict with the interests of its clients. The Code contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to clients;
- require Employees to place the interests of clients first, not take inappropriate advantage of their positions, maintain independence in the investment-decision making process and comply with applicable laws;
- prohibit trading on the basis of material, non-public information;
- impose limits on personal trading by Access Persons, including pre-clearance and reporting obligations with respect to such trading;
- impose limits on the giving or receiving of gifts and entertainment;
- impose limits on political contributions to U.S. public officials and candidates for public office in accordance with the SEC's rules and regulations;
- prohibit the giving of gratuities to foreign officials and foreign political parties, their officials and candidates for office; and
- restrict Employees' outside business activities.

Tachyon's Policies permit Access Persons to trade the same securities as its clients, subject to pre-clearance procedures that are intended to minimize any potential impact on its clients or benefit to Access Persons, in connection with any client transactions. All trades by Access Persons in securities or instruments that are frequently transacted in by a client must be pre-approved by Tachyon's Chief Compliance Officer. Approval will be withheld whenever Tachyon is attempting (or seriously considering) a transaction in the same securities or instruments for a client or the transaction presents a conflict of interest, in the sole discretion of the Chief Compliance Officer, with current or currently contemplated positions for such client. Due to the nature of Tachyon's advisory business, the following transactions are subject to particular scrutiny: (i) any transaction involving interest rate derivatives, such as interest rate futures, interest rate swaps, options on fixed income securities and interest rate derivatives; (ii) the purchase of any sovereign government fixed income security on a margined or leveraged basis; and (iii) any short sale of a sovereign government fixed income security.

All trades, except trades in certain exempt securities, must be reported. Such reports are monitored by the Chief Compliance Officer or his designee.

Tachyon's supervised persons must acknowledge the terms of the Code upon the commencement of employment, annually or following an amendment to the Code.

A copy of Tachyon's Code may be obtained from Chief Compliance Officer Dougin Walker at (609) 683-8200.

B. Securities That You or a Related Person Has a Material Financial Interest

Please refer to Item 11.D. below.

C. Investing in Securities That You or a Related Person Recommends to Clients

Please refer to Item 11.D below.

D. Conflicts of Interest Created by Contemporaneous Trading

From time to time, various potential and/or actual conflicts of interest may arise from the overall advisory, investment and other activities of Tachyon, its affiliates and their respective employees. Tachyon has adopted a Code of Ethics (discussed in Item 11.A above) which established policies and procedures designed to monitor and address such conflicts of interest.

Advisory and Other Activities - Tachyon provides discretionary investment advice to Parsec and PAD. Tachyon and its affiliates may, in the future, provide investment advisory services to other clients.

Tachyon may give advice or take action with respect to the investment of one or more clients that may not be given or taken with respect to other clients with the same or similar investment programs, strategies and objectives. Accordingly, clients with the same or similar investment programs, strategies and objectives may not hold the same securities or instruments or achieve the same performance. Tachyon, its affiliates and their respective employees also may advise clients with conflicting programs, strategies and objectives. These activities may adversely affect the process and availability of securities or instruments held by or potentially considered for one or more clients.

Furthermore, the time and effort of Tachyon will not be devoted exclusively to the business of a client, and Tachyon will devote as much time to each client as Tachyon deems appropriate to perform its duties. Tachyon, its affiliates and their respective employees may also participate in other ventures, as principals or otherwise. Accordingly, Tachyon, its affiliates and their respective employees may have conflicts in allocating their time and services among clients, other investment and other ventures. To the extent that Tachyon or its affiliates' employees engage in outside business activities, Tachyon has established policies and procedures which require such employees to obtain prior approval with respect to the conduct of any such outside business.

Investment Activities - Tachyon, its affiliates and their respective employees may invest on behalf of themselves in securities and other instruments that would be appropriate for, may be held by, or may fall within the investment programs, strategies and objectives of a client. They may also take action for their own accounts that may differ from or, may conflict with or be adverse to advice given or action taken for a client. However, as discussed above, Tachyon's and its Affiliate's employees must obtain prior approval before transacting in "reportable securities" for their own accounts or accounts in which they have a direct or indirect beneficial interest and/or control. In the event of any actual or potential conflict, any such transaction in reportable securities will not be approved.

ITEM 12 BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

Tachyon has full discretionary authority to manage the investments of its clients, including authority to make decisions with respect to which financial instruments are bought and sold, the amount and price of those financial instruments, the brokers or dealers to be used for a particular transaction, and commissions or mark-ups and mark-downs paid. Tachyon's authority is limited by the investment program of each client and Tachyon's own internal policies and procedures.

i. Brokerage Commissions and Other Compensation

Securities and derivative transactions generate a substantial amount of brokerage commissions and other compensation, all of which the clients are obligated to pay. Tachyon has sole discretion in deciding which brokers and dealers the clients use and in negotiating the rates of compensation the clients pay.

ii. Best Execution

Tachyon selects the broker-dealers that execute its clients' transactions. In selecting broker-dealers, Tachyon, subject to its overall duty to obtain "best execution" of Fund transactions, has authority to and may consider the full range and quality of the services and products provided by such broker-dealers. As a part of this selection process, Tachyon may consider such factors as: (i) the ability of the broker-dealers to execute transactions efficiently; (ii) their responsiveness to Tachyon's instructions; (iii) their facilities; (iv) their financial responsibility and reliability; (v) their commissions; and (vi) other services they provide to Tachyon or its clients.

1. *Research and Other Soft Dollar Benefits.*

Tachyon receives no third-party research for which it is obligated to direct execution business to broker-dealers. Tachyon may receive research generated by broker-dealer firms which is made available to all or other customers of that broker-dealer. However, the receipt of such research from a broker-dealer is not one of the factors Tachyon considers when selecting a broker-dealer to execute trades for its clients. Tachyon uses only those broker-dealers that it believes will provide its clients with high-quality services and competitive execution costs, taking into consideration the services received by Tachyon or its clients. While the rates paid by its clients may not be the lowest rates such client could obtain, Tachyon believes that the benefit of the overall relationship with those broker-dealers will nonetheless benefit its clients on the whole.

2. *Brokerage for Client Referrals*

Tachyon may place transactions with a broker or dealer that may refer investors to its clients if otherwise consistent with seeking best execution, provided that Tachyon is not selecting the broker-dealer in recognition of its referral of investors.

3. *Trade Errors*

While Tachyon endeavors to execute all trades with diligence and care, Tachyon may on occasion experience trade errors. Once identified, a trade error is corrected and/or mitigated in an expeditious manner and, if practicable, in a manner in which the clients do not incur a loss or such loss is reduced.

A client will benefit from any gains resulting from trade errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, absent gross negligence by Tachyon. To the extent an error is caused by a counterparty, such as a broker-dealer, Tachyon will strive to recover any losses associated with such error from the counterparty.

4. *Directed Brokerage*

Not applicable.

ITEM 13
REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

Tachyon performs variously daily, weekly, monthly, quarterly and periodic reviews of Parsec's and the Feeder Funds' account positions, including reviews for margin requirements, profit/loss, risk exposure and price relationships between account positions and general market conditions and compliance with its clients' trading guidelines, as set out in their respective PPMs. Such reviews are performed by the Affiliate's operations team and/or by Tachyon's Managing Members who manage and formulate its trading recommendations and Strategy. The Affiliate's operations team reconciles on a daily basis all cash and portfolio positions of Parsec and its Feeder Funds. Other independent parties reviewing Parsec's and the Feeder Funds' portfolio include the independent administrator, which performs weekly reconciliations, and the independent auditor, as part of its audit work.

B. Factors Prompting Review of Clients Accounts Other than a Periodic Review

Tachyon will review client accounts as it deems necessary.

C. Content and Frequency of Account Reports to Clients

Investors in Parsec and the Feeder Funds receive monthly account statements from the Administrator, which include monthly and year-to-date performance and the current net asset value of the investor's holdings in Parsec or the Feeder Funds, as applicable. The administrator also sends investors in Parsec and the Feeder Funds transparency and performance summary reports on a monthly basis. Additional materials available on Parsec's web site include, but are not limited to: brochures, a due diligence questionnaire, a technology questionnaire and Tachyon's letters to investors.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

Other than the fees described in Item 5 above, Tachyon does not receive any other economic benefits from providing its investment and trading advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals

Tachyon has not entered into any oral or written agreements with third parties whereby it, directly or indirectly, compensates such party for client referrals.

ITEM 15
CUSTODY

Tachyon does not have physical custody of any client assets. However, under Rule 206(4)-2 under the Advisers Act, Tachyon is deemed to have custody of the assets of Parsec. In accordance with Rule 206(4)-2, audited financial statements are furnished annually to all investors in Parsec and PAD within 120 days of the close of their fiscal year.

ITEM 16
TRADING DISCRETION

Tachyon, subject to the objectives, guidelines and restrictions of Parsec's and PAD's respective IMAs, has complete discretion to buy or sell securities or other products for Parsec and PAD and to select counterparties that execute such transactions.

ITEM 17
VOTING CLIENT SECURITIES

Tachyon does not have a Proxy Voting Policy as it does not trade in equity positions or debt securities that confer voting rights.

ITEM 18
FINANCIAL INFORMATION

Tachyon is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual and fiduciary commitments to Parsec or PAD, and is and has never been the subject of any bankruptcy proceeding.