

September 30, 2016

Tax Year 2016
Form 1065 MeF ATS Scenario 10 (K-1 Aggregator)

Test Scenario 10 uses the Form 1065 and related forms and schedules from Test Scenario 3, with these exceptions:

- The number of K-1's is 101.
- The Ordinary Business Income/Loss Statement attached to Schedule K-1 will apply to all K-1's.

Test Scenario 10 shows three K-1's: ABC Investments
XYZ Management
Taxpayer B1 (990-00-0001)

Create the other 98 K-1's using this information:

- The partner's identifying number will increase by 1 (990-00-0002, 990-00-0003, 990-00-0004... through 990-00-0099)
- The partner's name will increase by 1 (Taxpayer B2, Taxpayer B3, Taxpayer B4... through Taxpayer B99)
- Use the same address as Taxpayer B1
- The 98 partners are limited partners, domestic partners, and individuals
- Use the same profit/loss/capitol percentages as Taxpayer B1

The Business Income Loss Statements attached to the K-1's will be:

OrdinaryBusinessIncomeLossActivityStatement (Schedule K-1 (Form 1065), Part III, Line 1)

ABC Investments	
Type of Activity	Amount
Mai Tai Investments	1,534,429
Cancellation of Debt	81,000
Services Fees	59,982,038

OrdinaryBusinessIncomeLossActivityStatement (Schedule K-1 (Form 1065), Part III, Line 1)

XYZ Management	
Type of Activity	Amount
Mai Tai Investments	1,022,953
Cancellation of Debt	54,000
Services Fees	39,988,025

OrdinaryBusinessIncomeLossActivityStatement (Schedule K-1 (Form 1065), Part III, Line 1)

Taxpayer B1 through Taxpayer B99	
Type of Activity	Amount
Mai Tai Investments	38
Cancellation of Debt	2
Services Fees	1,500

FORMS REQUIRED:

1065, 1065 Sch B-1, 1065 Sch C, 1065 Sch K-1 (101), 1065 Sch M-3, 4562, 8865, 8865 Sch O

ATTACHMENTS:

OrdinaryIncomeLossFromOtherPartnershipsEstatesAndTrustsStmnt
OtherIncomeLossStatement
ItemizedOtherDeductionsStatement
IncomeLossFromForeignPartnershipsSchedule
Section754Election
OrdinaryBusinessIncomeLossActivityStatement (see above)

BINARY ATTACHMENTS: None

HEADER INFO:

Tax Period: Calendar Year 2016

Preparer Firm: **EIN:** 69-0000098
Name: Electronic Tax Filers, Inc
Address: 1065 Efile Dr
Anytown, NV 89501

Multiple Software Packages Used: Yes or No

Originator: **EFIN:** Self-select
Type: ERO
Practitioner PIN: None
PIN Entered by: ERO

Signature Option: PIN Number

Return Identifier: **Type:** 1065

Filer: **EIN:** 00-2000010
Business Name: Carlton Asset Management L P
Name Control: CARL
Address: 1678 South Hoover Blvd
San Francisco, CA 94101

Partner: **Name:** Tony Carlton
Title: President
Taxpayer PIN: 02000
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Signed: 04/15/2017

Preparer: **Name:** John Smith
PTIN: P00000003
Phone: 555-631-1212
Email Address: Anymail@email.com
Date Prepared: 04/15/2017
Self Employed: No

OrdinaryIncomeLossFromOtherPartnershipsEstatesAndTrustsStmt

(Ordinary income (loss) from other partnerships, estates, and trusts, Form 1065, Page 1, Line 4)

Source Type	Business Name	Address	EIN	Amount
Security Dealing	Mai Tai Investments	1-2-3 Ginsu Chuo-Ku Tokyo, 190-2182	69-0000099	10,229,525

OtherIncomeLossStatement (Other income (loss), Form 1065, Page 1 Line 7)

Type	Amount
Cancellation of Debt	540,000
Services Fees	399,880,252
Total	400,420,252

ItemizedOtherDeductionsStatement (Other Deductions, Form 1065, Page 1 Line 20)

Type	Amount
Legal and Accounting	216,572
Bank Fees	142,080
Travel and Entertainment	40,000
Total	398,652

Section754Election (Form 1065, Page 3, Schedule B, Line 12a)

Name of Partnership	Carlton Asset Management LP
Partnership Address	1678 South Hoover Blvd San Francisco, CA 94101
Section 754 Declaration	Made a Section 754 declaration

IncomeLossFromForeignPartnershipsSchedule

(Income (loss) from foreign partnerships, Schedule M-3 (Form 1065), Part II, Line 8)

Name	EIN	EOY Profit Sharing Pct	EOY Loss Sharing Pct	Income (Loss) per Income Statement Amount	Temporary Difference Amount	Permanent Difference Amount	Income (Loss) per Tax Return Amount
Mai Tai Investments	69-0000099	25%	25%	10,229,525			10,229,525

Note: The 3.5% Publicly Traded Partnership Tax is \$14,372,742. Input this tax amount on Form 1065 Line 22. (Element name: "ThreeAndOneHalfPercent").

Form 1065 Department of the Treasury Internal Revenue Service		U.S. Return of Partnership Income For calendar year 2016, or tax year beginning <u>01/01</u> , 2016, ending <u>12/31</u> , 20 <u>16</u> ▶ Information about Form 1065 and its separate instructions is at www.irs.gov/form1065 .		OMB No. 1545-0123 <div style="font-size: 2em; font-weight: bold;">2016</div>
A Principal business activity MANAGEMENT		Name of partnership CARLTON ASSETS MANAGEMENT LP		D Employer identification number 00-2000003
B Principal product or service Financial Investment	Type or Print	Number, street, and room or suite no. If a P.O. box, see the instructions. 1678 SOUTH HOOVER BLVD		E Date business started 10/23/1998
C Business code number 523900		City or town, state or province, country, and ZIP or foreign postal code SAN FRANCISCO CA 94101		F Total assets (see the instructions) \$ 6,275,256

- G** Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return (6) ☐ Technical termination - also check (1) or (2)
- H** Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶
- J** Check if Schedules C and M-3 are attached ☐

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a			
	b Returns and allowances	1b			
	c Balance. Subtract line 1b from line 1a			1c	
	2 Cost of goods sold (attach Form 1125-A)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4	10,229,525
	5 Net farm profit (loss) (attach Schedule F (Form 1040))			5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6	
Deductions <small>(see the instructions for limitations)</small>	7 Other income (loss) (attach statement)			7	400,420,252
	8 Total income (loss). Combine lines 3 through 7			8	410,649,777
	9 Salaries and wages (other than to partners) (less employment credits)			9	1,179,658
	10 Guaranteed payments to partners			10	561,900
	11 Repairs and maintenance			11	8,610
	12 Bad debts			12	
	13 Rent			13	729,654
	14 Taxes and licenses			14	871,972
	15 Interest			15	
	16a Depreciation (if required, attach Form 4562)	16a	62,765		
	b Less depreciation reported on Form 1125-A and elsewhere on return	16b		16c	62,765
	17 Depletion (Do not deduct oil and gas depletion.)			17	
	18 Retirement plans, etc.			18	345,678
	19 Employee benefit programs			19	
20 Other deductions (attach statement)			20	398,652	
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20			21	4,158,889	
22 Ordinary business income (loss). Subtract line 21 from line 8			22	406,490,888	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager Date **04/15/2017**

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name JOHN SMITH	Preparer's signature	Date 04/15/2017	Check <input type="checkbox"/> if self-employed	PTIN P00000003
Firm's name ▶ ELECTRIC TAX FILERS INC			Firm's EIN ▶ 69-0000098	
Firm's address ▶ 1065 EFILE DRIVE ANYTOWN NV 89501			Phone no. 555-631-1212	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2016)

Schedule B Other Information

1	What type of entity is filing this return? Check the applicable box:	Yes	No
a	<input type="checkbox"/> Domestic general partnership		
b	<input checked="" type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other ►		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?	✓	
3	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership	✓	
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		✓
4	At the end of the tax year, did the partnership:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		✓
(i) Name of Corporation		(ii) Employer Identification Number (if any)	(iii) Country of Incorporation
			(iv) Percentage Owned in Voting Stock
b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below	✓	
(i) Name of Entity		(ii) Employer Identification Number (if any)	(iii) Type of Entity
			(iv) Country of Organization
			(v) Maximum Percentage Owned in Profit, Loss, or Capital
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		✓
6	Does the partnership satisfy all four of the following conditions?		
a	The partnership's total receipts for the tax year were less than \$250,000.		
b	The partnership's total assets at the end of the tax year were less than \$1 million.		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
d	The partnership is not filing and is not required to file Schedule M-3		✓
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		✓
8	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		✓
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		✓
10	At any time during calendar year 2016, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country. ►		✓

Schedule B Other Information (continued)

	Yes	No
11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		✓
12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.	✓	
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		✓
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		✓
13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <input type="checkbox"/>		
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		✓
15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16 Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		✓
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
18a Did you make any payments in 2016 that would require you to file Form(s) 1099? See instructions		✓
b If "Yes," did you or will you file required Form(s) 1099?		✓
19 Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		
20 Enter the number of partners that are foreign governments under section 892. ▶		
21 During the partnership's tax year, did the partnership make any payments that would require it to file Form 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474)?		✓
22 Was the partnership a specified domestic entity required to file Form 8938 for the tax year (See the Instructions for Form 8938)?		✓

Designation of Tax Matters Partner (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP

XYZ MANAGEMENT

Identifying number of TMP

693-00-0003

If the TMP is an entity, name of TMP representative

JUAN MEFILERS

Phone number of TMP

555-555-5555

Address of designated TMP

7272 W TRUMAN AVE
SACRAMENTO CA 95813

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	406,490,888
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	561,900
	5 Interest income	5	36,525
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends	6b	
	7 Royalties	7	
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10		
11 Other income (loss) (see instructions) Type ▶	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	43,332
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
d Other deductions (see instructions) Type ▶	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	407,052,788
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	410,649,777
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a Name of country or U.S. possession ▶ JAPAN		
	b Gross income from all sources	16b	10,229,530
	c Gross income sourced at partner level	16c	
	Foreign gross income sourced at partnership level		
	d Passive category ▶ 10,229,530 e General category ▶ f Other ▶	16f	
	Deductions allocated and apportioned at partner level		
	g Interest expense ▶ h Other ▶	16h	
	Deductions allocated and apportioned at partnership level to foreign source income		
	i Passive category ▶ j General category ▶ k Other ▶	16k	
	l Total foreign taxes (check one): ▶ Paid <input checked="" type="checkbox"/> Accrued <input type="checkbox"/>	16l	630,288
m Reduction in taxes available for credit (attach statement)	16m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a	
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties—gross income	17d	
	e Oil, gas, and geothermal properties—deductions	17e	
	f Other AMT items (attach statement)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	1,111
	19a Distributions of cash and marketable securities	19a	408,202,737
	b Distributions of other property	19b	
	20a Investment income	20a	36,525
b Investment expenses	20b		
c Other items and amounts (attach statement)			

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					1	406,415,693
2	Analysis by partner type:						
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other	
a	General partners			40,641,569			
b	Limited partners		4,064,157	361,709,967			

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		5,232,390		6,027,450
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	1,621,740		1,682,950	
b	Less accumulated depreciation	1,372,379	249,361	1,435,144	247,806
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				20,000
14	Total assets		5,481,751		6,275,256
Liabilities and Capital					
15	Accounts payable		1,567,623		3,049,605
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				540,000
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		3,914,128		2,705,651
22	Total liabilities and capital		5,481,751		6,295,256

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**Note.** The partnership may be required to file Schedule M-3 (see instructions).

1	Net income (loss) per books		6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation \$	
a	Depreciation \$		8	Add lines 6 and 7	
b	Travel and entertainment \$		9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
5	Add lines 1 through 4				

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	3,914,128	6	Distributions: a Cash	408,202,737
2	Capital contributed: a Cash		b Property		
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	406,974,260	8	Add lines 6 and 7	408,202,737
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	2,705,651
5	Add lines 1 through 4	410,888,388			

**SCHEDULE B-1
(Form 1065)**(Rev. December 2011)
Department of the Treasury
Internal Revenue Service**Information on Partners Owning 50% or
More of the Partnership**

OMB No. 1545-0099

► Attach to Form 1065. See instructions on back.

Name of partnership

Carlton Asset Management, LP

Employer identification number (EIN)

00-2000003**Part I** **Entities Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 3a)

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, tax-exempt organization, or any foreign government that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
ABC Investment	69-3000002	Partnership	United States	89%

Part II **Individuals or Estates Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 3b)

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Cat. No. 49842K

Schedule B-1 (Form 1065) (Rev. 12-2011)

**SCHEDULE C
(Form 1065)**(Rev. December 2014)
Department of the Treasury
Internal Revenue Service**Additional Information for Schedule M-3 Filers**

► Attach to Form 1065. See separate instructions.

► Information about Schedule C (Form 1065) and its instructions is at www.irs.gov/form1065.

OMB No. 1545-0123

Name of partnership

Employer identification number

Carltons Asset Management, LP**00-2000003**

- | | Yes | No |
|---|-----|----|
| 1 At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8? | | ✓ |
| 2 Does any amount reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's share of capital in that partnership or its ratio for sharing other items of that partnership? | | ✓ |
| 3 At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to a related person as defined in sections 267(b) and 707(b)(1)? | | ✓ |
| 4 At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related person as defined in sections 267(b) and 707(b)(1)? | | ✓ |
| 5 At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle | | ✓ |
| 6 At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income tax purposes? | | ✓ |

For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Cat. No. 49945S

Schedule C (Form 1065) (Rev. 12-2014)

**Schedule K-1
(Form 1065)****2016**Department of the Treasury
Internal Revenue ServiceFor calendar year 2016, or tax
year beginning 01/01, 2016
ending 12/31, 20 16**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See back of form and separate instructions.

Part I Information About the Partnership**A** Partnership's employer identification number
00-2000003**B** Partnership's name, address, city, state, and ZIP code
CARLTON ASSET MANAGEMENT LP
1678 S HOOVER BLVD
SAN FRANCISCO CA 94101**C** IRS Center where partnership filed return
OGDEN**D** ☐ Check if this is a publicly traded partnership (PTP)**Part II Information About the Partner****E** Partner's identifying number
69-3000002**F** Partner's name, address, city, state, and ZIP code
ABC INVESTMENTS
93 OAKS DRIVE
LOS ANGELES CA 90052**G** ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member**H** ☒ Domestic partner ☐ Foreign partner**I1** What type of entity is this partner? PARTNERSHIP**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	89 %	89 %
Loss	89 %	89 %
Capital	89 %	89 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ 3,483,574

Capital contributed during the year \$ _____

Current year increase (decrease) \$ 362,207,091

Withdrawals & distributions \$ (363,300,436)

Ending capital account \$ 2,390,229

☐ Tax basis ☐ GAAP ☒ Section 704(b) book

☐ Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes," attach statement (see instructions)

☐ Final K-1☐ Amended K-1**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
	361,776,890		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A JAPAN
4	Guaranteed payments		B 9,104,282
5	Interest income		D 9,104,282
	32,507		
6a	Ordinary dividends		L 562,934
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 989
12	Section 179 deduction		
	38,565		
13	Other deductions		
14	Self-employment earnings (loss)		
	A 361,776,890		
	C 365,478,302		
		19	Distributions
			A 363,300,436
		20	Other information
			A 32,507

*See attached statement for additional information.

For IRS Use Only

**Schedule K-1
(Form 1065)****2016**Department of the Treasury
Internal Revenue ServiceFor calendar year 2016, or tax
year beginning 01/01, 2016
ending 12/31, 20 16**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See back of form and separate instructions.

Part I Information About the Partnership**A** Partnership's employer identification number
00-2000003**B** Partnership's name, address, city, state, and ZIP code
CARLTON ASSET MANAGEMENT LP
1678 S HOOVER BLVD
SAN FRANCISCO CA 94101**C** IRS Center where partnership filed return
OGDEN**D** ☐ Check if this is a publicly traded partnership (PTP)**Part II Information About the Partner****E** Partner's identifying number
69-3000003**F** Partner's name, address, city, state, and ZIP code
XYZ MANAGEMENT
7272 W TRUMAN
SACRAMENTO CA 95813**G** ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member**H** ☒ Domestic partner ☐ Foreign partner**I1** What type of entity is this partner? PARTNERSHIP**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	10 %	10 %
Loss	10 %	10 %
Capital	10 %	10 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ 358,961

L Partner's capital account analysis:

Beginning capital account \$ 391,413

Capital contributed during the year \$ _____

Current year increase (decrease) \$ 40,697,426

Withdrawals & distributions \$ (40,820,274)

Ending capital account \$ 268,565

☐ Tax basis ☐ GAAP ☒ Section 704(b) book

☐ Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes," attach statement (see instructions)

☐ Final K-1☐ Amended K-1**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
	40,649,089		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A JAPAN
4	Guaranteed payments		B 1,022,953
	561,900		
5	Interest income		D 1,022,953
	3,653		
6a	Ordinary dividends		L 63,251
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 111
12	Section 179 deduction	19	Distributions
	4,334		A 40,820,274
13	Other deductions	20	Other information
			A 3,653
14	Self-employment earnings (loss)		
	A 41,210,989		
	C 41,064,977		

*See attached statement for additional information.

For IRS Use Only

**Schedule K-1
(Form 1065)****2016**Department of the Treasury
Internal Revenue ServiceFor calendar year 2016, or tax
year beginning 01/01, 2016
ending 12/31, 20 16**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See back of form and separate instructions.

Part I Information About the Partnership**A** Partnership's employer identification number
00-2000003**B** Partnership's name, address, city, state, and ZIP code
CARLTON ASSET MANAGEMENT LP
1678 S HOOVER BLVD
SAN FRANCISCO CA 94101**C** IRS Center where partnership filed return
OGDEN**D** ☐ Check if this is a publicly traded partnership (PTP)**Part II Information About the Partner****E** Partner's identifying number
990-00-0001**F** Partner's name, address, city, state, and ZIP code
TAXPAYER B1
888 NW PEACH STREET
SAN FRANCISCO CA 94101**G** ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member**H** ☒ Domestic partner ☐ Foreign partner**I1** What type of entity is this partner? INDIVIDUAL**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	<u>1</u> %	<u>1</u> %
Loss	<u>1</u> %	<u>1</u> %
Capital	<u>1</u> %	<u>1</u> %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ 39,141

Capital contributed during the year \$ _____

Current year increase (decrease) \$ 4,089,743

Withdrawals & distributions \$ (4,082,027)

Ending capital account \$ 46,857

☐ Tax basis ☐ GAAP ☒ Section 704(b) book

☐ Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes," attach statement (see instructions)

☐ Final K-1 ☐ Amended K-1**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
	<u>4,064,909</u>		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			<u>A JAPAN</u>
4	Guaranteed payments		<u>B 102,295</u>
5	Interest income		<u>D 102,295</u>
6a	Ordinary dividends		<u>L 65,325</u>
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		<u>C 11</u>
12	Section 179 deduction	19	Distributions
	<u>433</u>		<u>A 4,082,027</u>
13	Other deductions	20	Other information
			<u>A 365</u>
14	Self-employment earnings (loss)		
	<u>A 4,064,909</u>		
	<u>C 4,106,498</u>		

*See attached statement for additional information.

For IRS Use Only

**SCHEDULE M-3
(Form 1065)**Department of the Treasury
Internal Revenue Service**Net Income (Loss) Reconciliation
for Certain Partnerships**

▶ Attach to Form 1065 or Form 1065-B.

OMB No. 1545-0123

2016▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

Name of partnership

CARLTON ASSET MANAGEMENT LP

Employer identification number

00-2000003**This Schedule M-3 is being filed because (check all that apply):**

- A** ☐ The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B** ☒ The amount of the partnership's adjusted total assets for the tax year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year **414,477,993**.
- C** ☒ The amount of total receipts for the tax year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year **410,686,302**.
- D** ☐ An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50 percent or more in the partnership's capital, profit, or loss, on any day during the tax year of the partnership.

Name of Reportable Entity Partner	Identifying Number	Maximum Percentage Owned or Deemed Owned

E ☐ Voluntary Filer.**Part I Financial Information and Net Income (Loss) Reconciliation**

- 1a** Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year?
☐ **Yes.** Skip lines 1b and 1c and complete lines 2 through 11 with respect to that SEC Form 10-K.
☒ **No.** Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.
- b** Did the partnership prepare a certified audited non-tax-basis income statement for that period?
☒ **Yes.** Skip line 1c and complete lines 2 through 11 with respect to that income statement.
☐ **No.** Go to line 1c.
- c** Did the partnership prepare a non-tax-basis income statement for that period?
☒ **Yes.** Complete lines 2 through 11 with respect to that income statement.
☐ **No.** Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4a.
- 2** Enter the income statement period: Beginning **01 / 01 / 2016** Ending **12 / 31 / 2016**
- 3a** Has the partnership's income statement been restated for the income statement period on line 2?
☐ **Yes.** (If "Yes," attach a statement and the amount of each item restated.)
☒ **No.**
- b** Has the partnership's income statement been restated for any of the five income statement periods immediately preceding the period on line 2?
☐ **Yes.** (If "Yes," attach a statement and the amount of each item restated.)
☒ **No.**

4a	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	406,974,260
b	Indicate accounting standard used for line 4a (see instructions):		
1	<input checked="" type="checkbox"/> GAAP	2	<input type="checkbox"/> IFRS
3	<input type="checkbox"/> 704(b)		
4	<input type="checkbox"/> Tax-basis	5	<input type="checkbox"/> Other: (Specify) ▶
5a	Net income from nonincludible foreign entities (attach statement)	5a	()
b	Net loss from nonincludible foreign entities (attach statement and enter as a positive amount)	5b	
6a	Net income from nonincludible U.S. entities (attach statement)	6a	()
b	Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount)	6b	
7a	Net income (loss) of other foreign disregarded entities (attach statement)	7a	
b	Net income (loss) of other U.S. disregarded entities (attach statement)	7b	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)	8	
9	Adjustment to reconcile income statement period to tax year (attach statement)	9	
10	Other adjustments to reconcile to amount on line 11 (attach statement)	10	
11	Net income (loss) per income statement of the partnership. Combine lines 4a through 10	11	406,974,260
Note: Part I, line 11, must equal Part II, line 26, column (a) or Schedule M-1, line 1 (see instructions).			

12 Enter the total amount (not just the partnership's share) of the assets and liabilities of all entities included or removed on the following lines:

	Total Assets	Total Liabilities
a Included on Part I, line 4	6,275,256	3,589,605
b Removed on Part I, line 5		
c Removed on Part I, line 6		
d Included on Part I, line 7		

Name of partnership

Employer identification number

CARLTON ASSET MANAGEMENT LP**00-2000003****Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return**

Income (Loss) Items		(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(Attach statements for lines 1 through 10)					
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships				
8	Income (loss) from foreign partnerships	10,229,525			10,229,525
9	Income (loss) from other pass-through entities				
10	Items relating to reportable transactions				
11	Interest income (see instructions)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
15	Cost of goods sold (see instructions)	()			()
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18	Unearned/deferred revenue				
19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest				
21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e	Abandonment losses				
f	Worthless stock losses (attach statement)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach statement)				
23	Total income (loss) items. Combine lines 1 through 22	10,229,525			10,229,525
24	Total expense/deduction items. (From Part III, line 31) (see instructions)	(2,222)		(560,789)	(560,789)
25	Other items with no differences	396,746,957			396,746,957
26	Reconciliation totals. Combine lines 23 through 25	406,974,260		(560,789)	406,415,693

Note: Line 26, column (a), must equal Part I, line 11, and column (d) must equal Form 1065, Analysis of Net Income (Loss), line 1.

Name of partnership

Employer identification number

CARLTON ASSET MANAGEMENT LP**00-2000003****Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items**

Expense/Deduction Items		(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	State and local current income tax expense				
2	State and local deferred income tax expense				
3	Foreign current income tax expense (other than foreign withholding taxes)				
4	Foreign deferred income tax expense				
5	Equity-based compensation				
6	Meals and entertainment	2,222		(1,111)	(1,111)
7	Fines and penalties				
8	Judgments, damages, awards, and similar costs				
9	Guaranteed payments			561,900	561,900
10	Pension and profit-sharing				
11	Other post-retirement benefits				
12	Deferred compensation				
13	Charitable contribution of cash and tangible property				
14	Charitable contribution of intangible property				
15	Organizational expenses as per Regulations section 1.709-2(a)				
16	Syndication expenses as per Regulations section 1.709-2(b)				
17	Current year acquisition/reorganization investment banking fees				
18	Current year acquisition/reorganization legal and accounting fees				
19	Amortization/impairment of goodwill				
20	Amortization of acquisition, reorganization, and start-up costs				
21	Other amortization or impairment write-offs				
22	Reserved				
23a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation				
26	Bad debt expense				
27	Interest expense (see instructions)				
28	Purchase versus lease (for purchasers and/ or lessees)				
29	Research and development costs				
30	Other expense/deduction items with differences (attach statement)				
31	Total expense/deduction items. Combine lines 1 through 30. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	2,222		560,789	560,789

Schedule M-3 (Form 1065) 2016

Form **4562**
Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization

(Including Information on Listed Property)

► Attach to your tax return.

► Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

OMB No. 1545-0172

2016

Attachment
Sequence No. **179**

Name(s) shown on return

CARLTON ASSET MANAGEMENT LP

Business or activity to which this form relates

CARLTON ASSET MANAGEMENT LP

Identifying number

00-2000003

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	43,332
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	OFFICE EQUIPMENT	23,456	23,456
	FURNITURE/FIXTURES	19,876	19,876
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	43,332
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	43,332
10	Carryover of disallowed deduction from line 13 of your 2015 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	500,000
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	12	43,332
13	Carryover of disallowed deduction to 2017. Add lines 9 and 10, less line 12 ►	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	43,766

Part III MACRS Depreciation (Don't include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2016	17	18,999
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2016 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2016 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	62,765
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2016)

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)****24a** Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☐ **No** **24b** If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:		%			S/L -			
		%			S/L -			
		%			S/L -			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (don't include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C—Questions for Employers Who Provide Vehicles for Use by Their EmployeesAnswer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **aren't** more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles.**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2016 tax year (see instructions):					
43 Amortization of costs that began before your 2016 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form **8865****Return of U.S. Persons With Respect to
Certain Foreign Partnerships**

OMB No. 1545-1668

2016Department of the Treasury
Internal Revenue Service

► **Attach to your tax return.**
Information about Form 8865 and its separate instructions is at www.irs.gov/form8865.
 Information furnished for the foreign partnership's tax year
 beginning **01/01**, 2016, and ending **12/31**, 20 **16**

Attachment
Sequence No. **118**

Name of person filing this return

Filer's identifying number

CARLTON ASSET MANAGEMENT LP**00-2000003**

Filer's address (if you are not filing this form with your tax return)

**1678 HOOVER BLVD
SAN FRANCISCO CA 94101****A** Category of filer (see **Categories of Filers** in the instructions and check applicable box(es)):1 ☐ 2 ☐ 3 ☒ 4 ☐**B** Filer's tax year beginning **01/01**, 20 **16**, and ending **12/31**, 20 **16****C** Filer's share of liabilities: Nonrecourse \$ Qualified nonrecourse financing \$ **4,800,000** Other \$**D** If filer is a member of a consolidated group but not the parent, enter the following information about the parent:

Name

EIN

Address

E Check if any excepted specified foreign financial assets are reported on this form (see instructions) ☐**F** Information about certain other partners (see instructions)

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Category 1	Category 2	Constructive owner

G1 Name and address of foreign partnership**MAI TAI INVESTMENT
1-2-3 GINSU CHUO KUO
TOKYO 190-2182****2(a)** EIN (if any)**69-0000099****2(b)** Reference ID number (see instr.)**Mai69000003****3** Country under whose laws organized**JAPAN**

4 Date of organization	5 Principal place of business	6 Principal business activity code number	7 Principal business activity	8a Functional currency	8b Exchange rate (see instr.)
9/13/12	JAPAN	523110	SECURITY DEALING	YEN	0.8739

H Provide the following information for the foreign partnership's tax year:

1 Name, address, and identifying number of agent (if any) in the United States	2 Check if the foreign partnership must file: <input type="checkbox"/> Form 1042 <input type="checkbox"/> Form 8804 <input type="checkbox"/> Form 1065 or 1065-B Service Center where Form 1065 or 1065-B is filed:	
3 Name and address of foreign partnership's agent in country of organization, if any	4 Name and address of person(s) with custody of the books and records of the foreign partnership, and the location of such books and records, if different	

5 Were any special allocations made by the foreign partnership? ☐ Yes ☒ No**6** Enter the number of Forms 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, attached to this return (see instructions) ☐**7** How is this partnership classified under the law of the country in which it is organized? ☐**8a** Does the filer have an interest in the foreign partnership, or an interest indirectly through the foreign partnership, that is a separate unit under Reg. 1.1503(d)-1(b)(4) or part of a combined separate unit under Reg. 1.1503(d)-1(b)(4)(ii)? If "No," skip question 8b. ☐ Yes ☒ No**b** If "Yes," does the separate unit or combined separate unit have a dual consolidated loss as defined in Reg. 1.1503(d)-1(b)(5)(ii)? ☐ Yes ☐ No**9** Does this partnership meet **both** of the following requirements?

- The partnership's total receipts for the tax year were less than \$250,000 and
 - The value of the partnership's total assets at the end of the tax year was less than \$1 million.
- If "Yes," **do not** complete Schedules L, M-1, and M-2. ☐ Yes ☒ No

Sign Here
Only If You
Are Filing
This Form
Separately
and Not With
Your Tax
Return.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member

Date

**Paid
Preparer
Use Only**

Print/Type preparer's name

JOHN SMITH

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

P00000003Firm's name **ELECTRONIC TAX FILERS**Firm's EIN **69-0000098**Firm's address **123 ANY STREET ANYTOWN NV 89501**Phone no. **555-631-1212**

Schedule A

Constructive Ownership of Partnership Interest. Check the boxes that apply to the filer. If you check box **b**, enter the name, address, and U.S. taxpayer identifying number (if any) of the person(s) whose interest you constructively own. See instructions.

a ☐ Owns a direct interestb ☐ Owns a constructive interest

Name	Address	Identifying number (if any)	Check if foreign person	Check if direct partner
CARLTON ASSET MANAGEMENT LP	1678 S HOOVER BLVD SAN FRANCISCO CA 94101	00-2000003		✓

Schedule A-1 Certain Partners of Foreign Partnership (see instructions)

Name	Address	Identifying number (if any)	Check if foreign person

Does the partnership have any other foreign person as a direct partner?

☐ Yes☐ No**Schedule A-2**

Affiliation Schedule. List all partnerships (foreign or domestic) in which the foreign partnership owns a direct interest or indirectly owns a 10% interest.

Name	Address	EIN (if any)	Total ordinary income or loss	Check if foreign partnership

Schedule B Income Statement—Trade or Business Income

Caution: Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a	50,000,000			
	b Less returns and allowances	1b			1c	50,000,000
	2 Cost of goods sold				2	5,000,000
	3 Gross profit. Subtract line 2 from line 1c				3	45,000,000
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)				4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))				5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	
7 Other income (loss) (attach statement)				7		
	8 Total income (loss). Combine lines 3 through 7				8	45,000,000
Deductions (see instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)				9	2,000,000
	10 Guaranteed payments to partners				10	
	11 Repairs and maintenance				11	
	12 Bad debts				12	
	13 Rent				13	2,081,900
	14 Taxes and licenses				14	
	15 Interest				15	
	16a Depreciation (if required, attach Form 4562)	16a				
	b Less depreciation reported elsewhere on return	16b			16c	
	17 Depletion (Do not deduct oil and gas depletion.)				17	
	18 Retirement plans, etc.				18	
	19 Employee benefit programs				19	
	20 Other deductions (attach statement)				20	
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20				21	4,081,900
	22 Ordinary business income (loss) from trade or business activities. Subtract line 21 from line 8				22	40,918,100

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 2, line 22)	1	40,918,100
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	
	5 Interest income	5	
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends	6b	
	7 Royalties	7	
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10		
11 Other income (loss) (see instructions) Type ▶	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
d Other deductions (see instructions) Type ▶	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a Name of country or U.S. possession ▶		
	b Gross income from all sources	16b	40,918,100
	c Gross income sourced at partner level	16c	
	Foreign gross income sourced at partnership level		
	d Passive category ▶ e General category ▶ f Other (attach statement) ▶	16f	
	Deductions allocated and apportioned at partner level		
	g Interest expense ▶ h Other ▶	16h	
	Deductions allocated and apportioned at partnership level to foreign source income		
	i Passive category ▶ j General category ▶ k Other (attach statement) ▶	16k	
	l Total foreign taxes (check one): <input checked="" type="checkbox"/> Paid <input type="checkbox"/> Accrued	16l	2,530,040
m Reduction in taxes available for credit (attach statement)	16m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a	
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties—gross income	17d	
	e Oil, gas, and geothermal properties—deductions	17e	
	f Other AMT items (attach statement)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	
	19a Distributions of cash and marketable securities	19a	
	b Distributions of other property	19b	
	20a Investment income	20a	
	b Investment expenses	20b	
c Other items and amounts (attach statement)			

Schedule L Balance Sheets per Books. (Not required if Item H9, page 1, is answered "Yes.")

		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,750		2,250
2a	Trade notes and accounts receivable	27,000,000		14,000,000	
b	Less allowance for bad debts		27,000,000		14,000,000
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	115,000,000		187,000,000	
b	Less accumulated depreciation	11,000,000	104,000,000	3,081,900	183,918,100
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		131,001,750		197,920,350
Liabilities and Capital					
15	Accounts payable		1,000,000		
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		130,001,750		196,420,350
22	Total liabilities and capital		131,001,750		197,920,350

Schedule M Balance Sheets for Interest Allocation

	(a) Beginning of tax year	(b) End of tax year
1 Total U.S. assets		
2 Total foreign assets:		
a Passive category		
b General category		
c Other (attach statement)		

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return. (Not required if Item H9, page 1, is answered "Yes.")

1 Net income (loss) per books	40,968,100	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11 not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16l not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a Depreciation \$	50,000
a Depreciation \$		8 Add lines 6 and 7	50,000
b Travel and entertainment \$		9 Income (loss). Subtract line 8 from line 5	40,918,100
5 Add lines 1 through 4	40,968,100		

Schedule M-2 Analysis of Partners' Capital Accounts. (Not required if Item H9, page 1, is answered "Yes.")

1 Balance at beginning of year	130,001,750	6 Distributions: a Cash	
2 Capital contributed:		b Property	
a Cash	9,450,500	7 Other decreases (itemize):	
b Property	16,000,000		
3 Net income (loss) per books	40,968,100		
4 Other increases (itemize):		8 Add lines 6 and 7	
		9 Balance at end of year. Subtract line 8 from line 5	196,420,350
5 Add lines 1 through 4	196,420,350		

Schedule N Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities

Important: Complete a separate Form 8865 and Schedule N for each controlled foreign partnership. Enter the totals for each type of transaction that occurred between the foreign partnership and the persons listed in columns (a) through (d).

Transactions of foreign partnership	(a) U.S. person filing this return	(b) Any domestic corporation or partnership controlling or controlled by the U.S. person filing this return	(c) Any other foreign corporation or partnership controlling or controlled by the U.S. person filing this return	(d) Any U.S. person with a 10% or more direct interest in the controlled foreign partnership (other than the U.S. person filing this return)
1 Sales of inventory				
2 Sales of property rights (patents, trademarks, etc.)				
3 Compensation received for technical, managerial, engineering, construction, or like services				
4 Commissions received				
5 Rents, royalties, and license fees received				
6 Distributions received				
7 Interest received				
8 Other				
9 Add lines 1 through 8				
10 Purchases of inventory				
11 Purchases of tangible property other than inventory				
12 Purchases of property rights (patents, trademarks, etc.)				
13 Compensation paid for technical, managerial, engineering, construction, or like services				
14 Commissions paid				
15 Rents, royalties, and license fees paid				
16 Distributions paid				
17 Interest paid				
18 Other				
19 Add lines 10 through 18				
20 Amounts borrowed (enter the maximum loan balance during the year). See instructions				
21 Amounts loaned (enter the maximum loan balance during the year). See instructions				

SCHEDULE O
(Form 8865)Department of the Treasury
Internal Revenue Service**Transfer of Property to a Foreign Partnership**
(under section 6038B)

▶ Attach to Form 8865. See Instructions for Form 8865.

▶ Information about Schedule O (Form 8865) and its separate instructions is at www.irs.gov/form8865.

OMB No. 1545-1668

2016

Name of transferor

CARLTON ASSET MANAGEMENT LP

Filer's identifying number

00-2000003

Name of foreign partnership

MAI TAI INVESTMENTS

EIN (if any)

69-0000099

Reference ID number (see instructions)

Mai6900003**Part I Transfers Reportable Under Section 6038B**

Type of property	(a) Date of transfer	(b) Number of items transferred	(c) Fair market value on date of transfer	(d) Cost or other basis	(e) Section 704(c) allocation method	(f) Gain recognized on transfer	(g) Percentage interest in partnership after transfer
Cash							
Stock, notes receivable and payable, and other securities							
Inventory							
Tangible property used in trade or business	08/08/2016	4	12,345,000	16,000,000			25
Intangible property							
Other property							

Supplemental Information Required To Be Reported (see instructions):**Part II Dispositions Reportable Under Section 6038B**

(a) Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	(e) Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	(g) Gain allocated to partner	(h) Depreciation recapture allocated to partner

Part III Is any transfer reported on this schedule subject to gain recognition under section 904(f)(3) or section 904(f)(5)(F)?▶ ☐ Yes ☒ No

For Paperwork Reduction Act Notice, see the Instructions for Form 8865.

Cat. No. 25909U

Schedule O (Form 8865) 2016