



**Brochure / Form ADV Part 2A**

**TANTALLON RESEARCH US INC.**

**237 PARK AVENUE, SUITE 900,**

**NEW YORK, NY 10017, USA**

**212 692 6393**

**[www.tantalloncapital.com](http://www.tantalloncapital.com)**

**March 2012**

This Brochure provides information about the qualifications and business practices of TANTALLON RESEARCH US INC. If you have any questions about the contents of this Brochure, please contact us at (+65) 63273922 or [kevin@tantalloncapital.com](mailto:kevin@tantalloncapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

TANTALLON RESEARCH US INC. is registering as an investment adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about TANTALLON RESEARCH US INC. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document required of us by SEC Rules. These disclosure documents were formerly known as “Form ADV Part II” and are now called “Form ADV 2”. Form ADV 2 is also called the “brochure”. This Brochure dated March 2012 is a new document prepared according to the SEC’s new requirements and rules.

These new rules include the following:

- New formatting, including new sections of the document containing important information;
- The requirement to write in plain English;
- Expanded discussions regarding some parts of our business.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Kevin Sia (Compliance Manager) at (+65) 6327 3922 or [kevin@tantalloncapital.com](mailto:kevin@tantalloncapital.com).

Additional information about TANTALLON RESEARCH US INC. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **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 .....	5
Item 6 – Performance-Based Fees and Side-By-Side Management .....	5
Item 7 – Types of Clients .....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 – Disciplinary Information .....	8
Item 10 – Other Financial Industry Activities and Affiliations .....	8
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
Item 12 – Brokerage Practices .....	10
Item 13 – Review of Accounts.....	12
Item 14 – Client Referrals and Other Compensation .....	14
Item 15 – Custody .....	14
Item 16 – Investment Discretion.....	15
Item 17 – Voting Client Securities.....	15
Item 18 – Financial Information .....	16
Item 19 – Requirements for State-Registered Advisers.....	16

#### Item 4 – Advisory Business

##### A. Description of the Advisory Firm

Tantallon Research US Inc. [“TR US”] was incorporated in Delaware, United States of America in September 2010.

TR US is directly owned by a holding company, TRA Capital Pte Ltd in Singapore.

Tariq Ahmad is the President of TR US.

##### B. Types of Advisory Services

- Investment Sub-Advisory

TR US provides research and investment advice on investment opportunities in Emerging Markets to a related offshore investment advisor, Tantallon Capital Advisors Pte Ltd [“TCA”].

TCA is the investment advisor to certain Tantallon-sponsored private investment funds and separate managed accounts. Certain additional information and documents about these funds are available on request.

##### C. Amounts under Management

As at 01 March 2012, the amount of assets under management of the funds in which TR US provides investment advice to TCA is as follows:

	U.S. Dollar Amount
Discretionary:	237,000,000
Non-Discretionary:	0
Total:	237,000,000

## **Item 5 – Fees and Compensation**

### **A. Sub-Advisory Fee**

TR US receives Sub-Advisory fees from TCA for providing research and investment advice in relation to Emerging Markets investment opportunities and these are charged monthly.

### **B. Advisory Fees and related expenses**

Advisory fees and related expenses (such as custodian fees and brokerage) are borne by TCA and these are disclosed in TCA's Form ADV Part 2 which is available on request.

### **C. Soft dollar**

TCA indirectly receives services from brokers including research and analytical information used in the investment decision making process. Please refer to Item 12 which further describes the factors that TCA considers in selecting or recommending the brokers for fund transactions and determining the reasonableness of their compensation (eg commissions).

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

### **Performance fees**

TR US does not receive any performance fees.

TCA receives certain performance fees for certain accounts and these are disclosed in TCA's Form ADV 2 and governed by the respective fund's offering documents which are available on request.

### **Conflicts of interest**

- **Inappropriate allocation of investment opportunities**

Performance based fee arrangements may create an incentive for TR US and TCA to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements

may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

TCA and TR US have procedures designed and implemented to ensure that all funds advised by TCA and TR US are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among funds.

- **Valuation of fund assets**

As the investment advisor and investment manager have input into the valuation of fund assets (at least when quoted values are not available or are deemed not to be representative of the market values), there might be a conflict of interest between providing fair management and valuation advice to the respective funds and the interest to maximize management and performance fees allocation (if applicable).

However, most of the securities (>95% of the securities of the funds) held by the funds advised by TCA and TR US are exchange listed. Thus, independent market prices are used for the valuation of the majority of the fund assets.

An external third party administrator also provides valuation for the funds independently.

## **Item 7 – Types of Clients**

TR US provides research and investment advice on investment opportunities in Emerging Markets to a related offshore investment advisor, TCA.

TCA is the investment advisor to certain sponsored funds and separately managed accounts. Each investment fund requires minimum investment levels from its prospective investors and these are disclosed in the respective offering documents.

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

### **A. Methods of Analysis and Investment Strategy**

TR US methods include charting and fundamental analysis.

The main sources of information used include

- financial newspapers and magazines,

- inspections of corporate activities
- Research materials prepared by others
- Annual reports, prospectuses, filings with the Securities and Exchange Commission and other Regulators
- Company Press releases

The investment strategies used to implement any investment advice given to client are described in the written materials for the relevant fund and may include:-

- Long term purchases: These refer to securities which are held at least a year.
- Short terms purchases: These refer to securities which are sold within a year.
- Trading: These refer to securities which are sold within 30 days.
- Short sales (Only applicable to long/short hedge funds advised by TCA): These refer to the Funds selling securities of an issuer short. If the price of the issuer's securities declines, TCA may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale.
- Margin transactions (Only applicable to long/short hedge funds advised by TCA): These refer to the acquisition of securities on margin and it creates an opportunity for greater total returns while exposing the funds to a greater risk of loss arising from adverse price changes.

## **B. Material Risks involved**

All securities investing presents the risk of loss of capital, which any participant in investment programs should be prepared to bear. Specific investment risks are described in the respective offering documents of the funds advised by TCA and these are available on request.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of TR US or the integrity of TR US's management. TR US has no information to report applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

The following are a list of related parties to TR US.

### **Tantallon Capital Advisors Pte Ltd [TCA]**

TR US Inc. is the sub-advisor to TCA and it provides research and investment advice on investment opportunities in Emerging Markets to TCA.

### **Tantallon Capital Ltd [TCL]**

TCA is the investment advisor to the Investment Manager of Tantallon-sponsored funds, ie. Tantallon Capital Limited.

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

### **Code of ethics**

TR US has a code of ethics policy that sets general standards of professional conduct for covered personnel and imposes specific requirements to:

- Act in a professional and ethical manner at all times
- Act for the benefit of clients
- Act with independence and objectivity



- Act with skill, competence and diligence
- Communicate with clients in a timely and accurate manner
- Uphold the rules governing capital markets

All employees at TR US must acknowledge the terms of the Code of Ethics periodically, or as amended. A copy of the code of ethics is available upon request.

### **Participation of interest in Fund transactions by TR US**

TR US may from time to time, in appropriate circumstances, consistent with the individual fund's investment objectives, recommend to TCA the purchase or sale of securities in which TCA has an existing holding. To avoid any conflict of interest, internal procedures are in place to restrict investment personnel from trading in securities that are also held by its funds.

### **Employee Personal Trading**

TR US and TCA also maintains an Employee Personal Trading Policy which requires all employees and employees of its related companies to

- Avoid conflicts of interest or the appearance of conflicts of interest between their duties/responsibilities in the firm and their personal investments;
- Avoid conflicts of interest or the appearance of conflicts of interest between transactions effected on behalf of investors and their personal investments;
- Act in accordance with all relevant legal and regulatory requirements, and in particular, all relevant insider trading rules; and
- Act with integrity

The Employee Personal Trading Policy is available upon request. A copy can be obtained by contacting the Compliance Officer.

The Employee Personal Trading Policy is designed to reasonably prevent conflicts of interest between employees and the funds. The policy seeks to ensure that the personal securities transactions, activities and interests of the employees of Tantallon will not interfere with (i) making decisions in the best interest of the funds and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts, subject to the Employee Personal Trading Policy.

The Policy requires pre-approval of personal employee trades by the Compliance Officer, and employees are prohibited from trading in existing positions already held by the funds. Certain securities may also be subject to a black-out period or be placed on a restricted trading list and all employees are expected to adhere to the Policy.

## **Item 12 – Brokerage Practices**

TR US provides research and investment advice on investment opportunities in Emerging Markets to TCA. TCA in turn selects brokers for the transactions of the funds as disclosed below.

### **A. Factors used to select custodians and or brokers/dealers**

A related party, TCA uses the following factors when selecting and evaluating brokers and counterparties to trade with:

- Corporate access
- Capital introduction
- Availability of marketing and other services
- Quality of research
- Quality of execution
- Responsiveness to TCL and TCA.

### **B. Best Execution**

The key components for achieving the most favorable net results for the funds are transaction specific and dependent upon the experience of the executing and clearing broker, including

- its reliability,
- reputation in the industry,
- financial stability,
- capital commitment, infrastructure,
- research and execution services and

- ability to accommodate special transaction needs.

Although TCA tries to be aware of the current level of the commissions available in the markets operated and to minimize the expenses incurred for effecting transactions for the funds, these transactions may not always be executed at the lowest available price or commission. Please see soft dollars below.

### **C. Soft Dollars**

TCA may direct portfolio transactions to brokers and dealers in exchange for certain brokerage and research products and services (soft dollar arrangements). TCA presently has soft dollar arrangements with its panel of brokers for execution and advisory services. These soft dollar credits are used for research related activities like Bloomberg subscriptions and independent research services and publications only.

#### Conflicts of interest

The availability of such research and brokerage services under soft dollar arrangements may create a conflict between the interests of the funds in obtaining the lowest cost execution and TCA's interest in obtaining such services. When client brokerage commissions (or markups and markdowns) are used to obtain research or other products services, TCA receives a benefit because it does not have to produce or pay for the research, products or services.

Soft dollar benefits may also not be allocated to all funds accounts proportionately to the soft dollar credits each fund accounts generate. Reviews of the panel of brokers are conducted on a quarterly basis. The respective portfolio managers and analysts in the investment committee rank the counterparties across pre-determined criteria.

#### Office Space and related services for TR US

UBS AG is currently one of the prime brokers providing securities transactions for the funds managed and advised by Tantallon.

TR US pays UBS for the use of certain office space and related services. The provision of office space and related services may be on terms, including fees, that may be more advantageous to TR US than the terms on which TR US could obtain such services from other vendors. The provision of office space and related services to TRUS by UBS, or the terms on which these are provided, may be a factor when TCA selects its prime broker and/or brokers for the execution of portfolio transactions.

#### **D. Aggregate Trade Allocations and Trade Errors**

Tantallon will generally execute transactions on an aggregated basis when TCA believes that it will obtain best execution and negotiate more favorable commission rates or other transaction costs that might have otherwise been paid had such orders been placed independently.

When aggregating orders, all funds will be treated in a fair and equitable manner. TCA will not aggregate orders unless aggregation is consistent with the duty to obtain best execution. No fund account will be favored over another; however, a variety of factors are determinative of whether or not a particular fund may or may not participate in a particular aggregated transaction.

These factors include, but are not limited to investment objectives and strategies, position weightings, cash availability and risk tolerance. Because of differences identified above, there may be differences in invested positions and securities held which could lead to security dispersion among the funds.

When TCA determines that order aggregation is in the best interest of its funds, the following guidelines generally are followed for all portfolios which are participating in the execution under the same trading circumstances such as the setting of price limits and the entry and exit points. Aggregated orders filled in their entirety or partially will be allocated within strategy among the participating accounts pro-rata by account market value. In the event of a de minimus allocation for a partial allocation, the trader has the authority to determine an appropriate allocation methodology.

#### **Trade Error Policy**

Tantallon will exercise care in making and implementing investment decisions for its client accounts. To the extent that trading errors occur, TCA seeks to ensure that the funds' best interests are served and resolved within a reasonable time in accordance to the Trade Error Policy.

### **Item 13 – Review of Accounts**

#### **A. Frequency of reviews**

Funds Board of Directors meetings are conducted twice a year. Reviews of the funds are performed by the investment manager and the independent directors at the meetings. See individual funds offering memorandum for list of directors.

The respective portfolio managers review each fund account on a regular basis (weekly or monthly, as deemed appropriate). Risk reports are reviewed by the risk manager and the respective portfolio managers on a daily basis. The risk reports comprise of geographical and sectoral exposures and attributions analysis, limits and liquidity statistics. The portfolio managers determine, among other things, whether each fund is appropriately positioned and whether investment objectives and mandates are being followed.

## **B. Written reports**

### **i. Custodian Reports**

The Funds typically receive on a monthly basis, statements from the applicable account custodian, which include, among other things the change in value of their accounts since the last reports that were provided.

### **ii. Fund investor reports from fund administrator**

Investors in the funds typically receive on a monthly basis, statements from the fund administrator which include the change in value of their accounts since the last reports that were provided. Investors in the funds also typically receive on an annual basis

- (i) statements from the applicable fund administrator containing performance information based on an agreed upon set of procedures, and
- (ii) certain tax information for preparation of their respective tax returns, including a Schedule K-1 or PFICs for United States persons (where applicable)

### **iii. Newsletters to fund investors**

Monthly or quarterly reports/newsletters are issued to investors of the funds advised by TCA. An analysis of performance attributions and risk exposures are available in the reports.

### **iv. Audited financial statements**

On an annual basis, audited financial statements are prepared for the Tantallon sponsored funds.

## **Item 14 – Client Referrals and Other Compensation**

TR US Inc. provides research and investment advice on investment opportunities in Emerging Markets to a related offshore investment advisor, TCA.

### **Marketing agent**

TCA has engaged 2 marketing agents to solicit investors on its behalf.

The marketing agents are separately compensated by TCA based on the AUM raised following introduction to the relevant investors.

Investors or prospective investors should be aware that these arrangements create a conflict of interest between an investor and the marketing agent in that there is an incentive for the marketing agent to recommend investment products based on the compensation received, rather than on an investor's needs. This conflict may continue after an investment is made in that payments under these arrangements typically will be made by reference to the amount of the investment maintained with TCA over time. To this extent, the funds which TCA provides investment advice are offered to accredited and qualified investors only. Further details are available in the respective funds offering documents.

## **Item 15 – Custody**

### **No physical possession of cash/securities**

TR US and TCA do not maintain physical possession of the cash or securities of any of the funds that it advises.

### **Administration and custodian agreements**

The individual funds advised by TCA have entered into separate agreements with the administrator and prime brokers that serve as cash and securities custodians.

### **Monthly custodian statements**

All funds receive statements of account holdings from their custodians monthly.

### **Monthly investor statements**

All investors in the funds advised by TCA receive statements of account holdings from the independent administrator monthly.

## **Item 16 – Investment Discretion**

TR US provides research and investment advice on Emerging Markets to an offshore related party TCA. In turn, TCA provides investment advisory services to a related investment manager TCL.

TCA recommends, without further consultation with the individual funds,

- which securities are bought or sold,
- the total amount of securities to be bought or sold,
- the broker or dealer through which the securities are to be bought or sold and
- the commission rates to be paid,

TCA is guided by the investment management and advisory documents (as amended from time to time) established between TCA, TCL and the respective funds as well as the offering documents of the funds, which establish each fund's specified investment objectives and guidelines.

The fund offering documents will also cover matters such as the types and amounts of securities that will comprise the portfolio, as well as investment restrictions (where applicable).

## **Item 17 – Voting Client Securities**

The policy of each Fund is to delegate the responsibility for voting proxies relating to portfolio securities held by the Fund to Tantallon Capital Limited as a part of its general management of the Funds, subject to the funds Board of Directors continuing oversight. With respect to this duty TCL delegates this to TCA's Investment Committee. Each proxy must be in the best interest of the funds and investors.

Clients may obtain a copy of TCA's complete proxy voting policies and procedures upon request.

The funds generally has no substantial interest (<5% of each security), hence the funds do not actively participate in the running of the relevant companies. Generally votings are performed for corporate actions activities only.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about TCA's financial condition. TR US does not have any adverse financial information to disclose. The management of TR US believes that we are financially sound.

## **Item 19 – Requirements for State-Registered Advisers**

TR US is registering with the SEC and has no disclosure requirements under this item.