



## Telligent Investment Management, LLC

Suite 1603-05, Tower Two Lippo Centre  
89 Queensway, Admiralty, Hong Kong

[www.tellcap.com](http://www.tellcap.com)

Part 2A of Form ADV  
The Brochure

Updated: March 2024

This brochure provides information about the qualifications and business practices of Telligent Investment Management, LLC. 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. Although Telligent Investment Management, LLC is an SEC registered investment adviser, this registration does not imply a certain level of skill or training.

Additional information about Telligent Investment Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). If you have any questions about the contents of this brochure, please contact us at (852) 3150 0888 or [contact@tellcap.com](mailto:contact@tellcap.com).

## **Item 2: Material Changes**

The most recent update to Form ADV Part 2A was made in March 2023. After the time of that update, there are no material changes.

## **Item 3: Table of Contents**

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

#### **Item 4: Advisory Business**

Telligent Investment Management, LLC (“Telligent”) provides investment advisory services and asset management services to a hedge fund (“the Fund”). Telligent was founded in 1999 by Mr Ching-shan Lin and Mr George Lin. Telligent has been majorly owned by them ever since.

Telligent Master Fund, LP (“the Master Fund”), branded as Telligent Fund, was launched in August 2004. It is incorporated under a master-feeder fund structure with one Offshore Feeder (Telligent Fund, Ltd.) and two Onshore Feeders (Telligent Fund, LP and Telligent Fund II, LP). To seize the investment opportunities of the long-term prospects in Asia, Telligent provides investment advice and investment management to the Fund through active portfolio management. The Fund invests primarily in publicly traded equity securities listed on NASDAQ, NYSE, TWSE, and HKEX. The Fund uses a variety of financial instruments, including index products, swaps, options, futures, and other derivatives.

Telligent has discretionary authority over investment decision-making without obtaining consent from the investors. Telligent does not hold itself as specializing in a particular type of investment advisory, nor tailor advisory services to any investors, nor allows the investors to impose restrictions on investing in certain securities or types of securities.

As of December 31, 2023, Telligent manages approximately US\$137 million of assets, all on a discretionary basis and none on a non-discretionary basis.

#### **Item 5: Fees and Compensation**

From the net asset values of Telligent Fund, Ltd. and Telligent Fund, LP, Telligent deducts a non-refundable investment management fee of 0.375% each quarter (approximately 1.5% per annum). From the net asset values of Telligent Fund II, LP, Telligent deducts 0.25% quarterly (approximately 1.0% per annum). The management fee is payable in advance on the first day of each quarter. After finalizing the amount, the management fee is then deducted directly from the assets managed. Where subscription/redemption is made not in the quarter-end, Telligent only deducts a pro-rata amount based on the number of the month(s) that the asset was managed by Telligent in that quarter. Any excess amount deducted will be refunded. This fee is open to negotiation, but whether or not to accept a different fee is at Telligent’s sole discretion.

In addition to the management fee described above, the Master Fund (or the respective feeder funds) bears trading costs, custody fees, fund administrator fees, legal expenses, audit fees, governmental fees and taxes, insurance, and other professional fees and expenses that are in connection to the with Telligent’s advisory services. In case the Master Fund invests in other funds, these other funds charge a separate layer of management, trading, and administrative expenses which are ultimately borne by the investors. Telligent does not charge compensations for the sale of the Fund (such as subscription fee) and does not charge early withdrawal fee (also known as “soft lockup”). Investors should refer to the respective Feeder’s offering documents for a detailed description of the fees and expenses and other material information.

For Telligent Fund, Ltd. and Telligent Fund, LP, the investor may withdraw a minimum of \$10,000 as of the last day of any month, upon at least 30 days’ prior written notice, and in such other amounts and at such other times as Telligent may determine in its sole discretion. Unless with Telligent consent, partial withdrawal may not be made by the investor if such withdrawals would reduce that investor’s capital account balance below \$1,000,000.

For Telligent Fund II, LP, the investor may withdraw a minimum amount of \$10,000 on the last day of each quarter by giving 30 days prior written notice. Telligent has the discretion to allow another time rather than each quarter-end. Unless with Telligent consent, partial withdrawal may not be made by the investor if such withdrawals would reduce that investor’s capital account balance below \$1,000,000.

An investor who is withdrawing 95% or more of the value of such investor's capital account in the aggregate within any fiscal year shall be paid 95% of an amount estimated by Telligent to be the amount to which the withdrawing investor is entitled (calculated on the basis of unaudited data) within 30 days after the applicable withdrawal date (also known as "5% holdback"). The balance of the amount payable upon such withdrawal (subject to adjustment based on audited financial statements) shall be paid, without interest, within 15 days after completion of the December 31 audited financial statements for the fiscal year in which the withdrawal occurs. Notwithstanding the foregoing, Telligent may agree to pay up to the full capital account balance (calculated on the basis of unaudited data) without such 5% holdback.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

In consideration for services provided to Telligent Fund Ltd. and Telligent Fund, LP, Telligent or an affiliated entity receives an annual performance allocation at the close of each fiscal year equal to 20% of the excess portion of net asset values (including realized and unrealized gains and net of the management fee) attributable to each investor's capital account. In consideration for services provided to Telligent Fund II, LP, Telligent or an affiliated entity receives a performance allocation at the close of each fiscal year equal to 10% of the portion of the Partnership's annual net income (including realized and unrealized gains and net of the Management Fee) attributable to each investor's capital account.

The performance allocation is subject to a loss carryforward provision (commonly known as "high water mark"). This means that the loss (if any) in any fiscal year will be recorded and carried forward to future fiscal years. Until the loss carryforward amount has been recovered, Telligent shall not receive the performance allocation. Investors should refer to the offering documents for a detailed description of the performance-based fees.

The existence of performance allocation could be an incentive for Telligent to include investments in the portfolio that are riskier or more volatile than would be the case in the absence of such a compensation framework. Telligent mitigates this risk by implementing risk management and compliance reviews.

## **Item 7: Types of Clients**

Telligent's clients are the Fund to whom Telligent provides asset management services. The Fund is offered and sold exclusively to the investors satisfying the applicable eligibility and suitability requirements. Typically, these investors are high-net-worth individuals, family offices, institutional investors, etc. In addition, each U.S. investor in a U.S. Fund must also satisfy the suitability requirements under Rule 205-3 under the Advisers Act, which prescribes certain requirements that must be satisfied in connection with Telligent's receipt of performance-based compensation.

The minimum initial capital contribution that will be accepted from a new investor is \$1,000,000, and the minimum additional subscription for Interests is \$50,000. Telligent may accept subscriptions for a lesser amount. There is no minimum or maximum aggregate amount that may be contributed by the investors to the Fund.

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

### **(a) Method of Analysis**

Telligent primarily uses fundamental research for investment analysis. Telligent believes that a decade of transformation will happen. Many manufacturing powerhouses are evolving from labor-intensive goods to higher-tech, higher-value-added products. There will also be a change in society's consumption habits due to the rise of the middle class. In this

transformation era, Telligent conducts securities analysis to identify the winners and the losers.

The analysis aims to identify the difference between the market valuation of a company's security and the true value of its actual business. To find out the true value, Telligent's investment team analyses the financial statements of the company to justify whether there is a meaningful free cash flow or a compelling margin of safety. Other factors, such as business growth, dividend yield, and sustainability perspectives are also incorporated into the investment analysis.

In addition, Telligent keeps a pulse on the business realities. Telligent's investment team conducts on-the-ground due diligence by visiting companies and managements all around the region to understand their business models. Telligent spends a significant amount of time visiting those companies' competitors, suppliers, and other companies in similar sectors to find critical factors. Trade journals and local news are also a resource. The broker's research reports and their analysts' opinions only serve as a way to understand the consensus thinking.

(b) Investment Strategies

Telligent deploys active investment strategies. The Fund invests in a wide variety of listed securities and derivative instruments, including but not limited to equity, debt, convertible securities, preferred securities, options, warrants, swaps, currencies, futures, forward contracts, monetary instruments, etc. The strategies are in the form of holding long positions and holding short positions as determined by Telligent at its sole discretion. There can be no assurance that the investment strategies will be successful or that the investment strategies will bring the result as expected.

The Telligent team works together to manage the investment risk by ensuring the weight of any single position neither falls outside the typical ranges nor exceeds the maximum size in the portfolio. Whenever there is an unusual decline in a position's market price that triggers our internal alerts, the Chief Investment Officer works with the research team to apprehend the situation and take appropriate risk management decisions in respect of the position, including stop loss.

In face of a losing position in a turbulent market condition, it tends to strategically realize the losses to raise the cash level in the portfolio for gaining advantages when the market turbulence is over. But since the nature of the stock market is volatile, Telligent may decide on a case-by-case basis to tactically tolerate a particular position's price volatility in consideration of the position's weight in the portfolio. Some other relevant aspects are also weighed up before concluding a cut loss decision, such as the portfolio's gross exposure and sector diversification to sustain the market headwinds, the stock's financial metrics and product competitiveness to withstand the economic downturns, etc.

(c) Risk of Loss

Telligent aims to preserve capital during market downturns while tolerating short-term volatility. No guarantee or representation is made that the Fund's investment will be successful. All investments made by the Fund risk the loss of capital. The practices of options trading, short selling, use of leverage, private placement investing, and other investment techniques employed by the Fund can, in certain circumstances, maximize the adverse impact to which the Fund's portfolios may be subject. As a result, an investment in the Fund involves a high degree of risk, including the risk that the entire amount invested by an investor may be lost.

Investment results may vary substantially over time. The Fund's entail substantial risks and there can be no assurance that its investment objectives will be achieved. Past results of the Fund are not necessarily indicative of future performance. No assurance can be made that profits will be achieved or that substantial losses will not be incurred. Existing investors and prospective investors should have sufficient financial knowledge and experience to be capable of evaluating the risks. They should be aware of the risks associated with investing in the Fund, which include, but are not limited to, the risk factors listed below.

(1) Volatility Risk of Equity, Commodity and Currency Markets

The profitability of the Fund substantially depends upon whether Telligent can correctly assess the future movements of stocks, bonds, options, futures, commodities, currencies, interest rates, and other securities. It cannot be guaranteed that Telligent will be successful in accurately predicting the movements and the volatility of these financial assets and instruments.

(2) Concentration Risk

The investment strategy of the Fund allows for the possibility of a significant amount of the Fund's equities to be invested in the securities of only a few companies. The concentration would subject the Fund to a greater degree of risk with respect to the failure of one or a few investments, or with respect to economic downturns in relation to an individual industry or sector.

(3) Short Sale Risk

TGCMF sells securities short. Theoretically, securities sold short are subject to the unlimited risk of loss because there is no limit on the price that security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Fund may be subject to losses if a security lender demands the return of the lent securities and an alternative lending source cannot be found.

(4) Leverage Risk

When deemed appropriate by Telligent and subject to applicable regulations, TGCMF may use leverage in its investment program, including the use of cash borrowed and investments in certain types of options, such as puts, calls, and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss.

(5) Illiquidity Risk

Generally, a less liquid investment bears more risk than a more liquid one. The investments held by the Fund may be illiquid, due to transfer restrictions, the size of an interest held in a particular company, lack of volume in Chinese emerging markets, or other reasons. Until these investments become liquid, it may be necessary to hold these investments for an indefinite period of time.

(6) Counterparty and Broker Default Risk

Telligent engages in transactions for the Fund in securities and financial instruments that involve counterparties. Under certain conditions, the Fund could suffer losses if the counterparty defaults or if the market fails. In addition, the Fund could suffer losses in the

event of a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Fund conduct business.

**(7) Non-U.S. Investments Risk**

The Fund invests and trades a portion of its assets in non-U.S. securities, which will give rise to risks relating to political, social, and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Non-U.S. securities, commodities, and other markets may be less liquid, more volatile, and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing, and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

**(8) Cybersecurity Risk**

As part of the fund management business, Telligent processes and transmits a substantial amount of electronic data, including those relating to trade transactions, portfolio holdings, investors' identifiers, etc. The electronic data are not only kept in the IT infrastructure of Telligent but also stored in the cloud by cloud-based service providers. To prevent data loss and security breaches, Telligent has controls and systems in place. But these preventive measures cannot guarantee absolute protection. These data may be lost, improperly accessed, and even surveilled by the government authority.

This brochure does not disclose every potential risk associated with investing in the Fund, or all of the risks applicable to Telligent. Please refer to the respective fund's offering documents for a detailed description of the risks of investing in a particular Fund.

**Item 9: Disciplinary Information**

In the past, Telligent and all of its management persons (including employees) have not been involved in any legal or disciplinary events in any jurisdictions that would be material to a client's evaluation of Telligent and its personnel.

**Item 10: Other Financial Industry Activities and Affiliations**

Telligent Advisors, LLC is an affiliated entity that serves as General Partner to the Onshore Feeder and as the Management Company for the Offshore Feeder.

Telligent Capital Management Ltd ("TCM") is a wholly owned subsidiary of Telligent and is licensed by the Securities and Futures Commission in Hong Kong to conduct Type 4 and Type 9 regulated activities. TCM provides sub-advisory services on behalf of Telligent to the Fund. For these services, TCM receives a fee from Telligent in accordance with the investment advisory agreement (also known as sub-advisory agreement).

Telligent and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

Telligent is a fiduciary to the Fund and so Telligent is required to act in the Fund's best interest. To provide more details about how this fiduciary duty operates in business practice, Telligent has adopted a written code of ethics that applies to Telligent's employees and Telligent's affiliated entities' employees. The code of ethics not only requires Telligent to avoid insider trading and even any conduct that appears to be insider trading but also outlines the procedures that can

minimize conflicts of interest. Telligent does not advise or instruct the Fund to buy or sell securities in which Telligent or related person has a material interest.

The code of ethics also describes the practice to address the conflicts of interest that may be aroused in relation to the employees' securities transactions. For employee's personal transactions, preclearance has to be obtained from the compliance personnel. For example, preclearance is not granted to an employee to buy or sell securities on a day in which the Fund has pending trade orders in the same securities. In case where an employee is aware of a forthcoming securities trade placed by the Fund or a forthcoming securities recommendation proposed to the Fund, preclearance is not granted to the employee for the securities. The employees are required to hold the securities for at least 30 days unless preclearance is obtained for earlier disposal.

Employees must report their holdings semi-annually and must seek preapproval for opening a securities account. New employees must report their holdings when they join Telligent. In each quarter, the employees must report all reportable securities transactions in accounts in which they have a beneficial interest. It is presumed that the employees have a beneficial interest in the securities owned by their immediate family members living in the same household. A copy of the code of ethics is available upon request via the contact information on the cover page of this brochure.

## **Item 12: Brokerage Practices**

### **(a) Selecting Brokers**

Telligent uses independent prime brokers, currently Goldman Sachs and JP Morgan, and a variety of execution brokers (collectively called "brokers") to provide brokerage and clearing services to the Fund. To select a broker, Telligent considers its reputation, financial strength, counterparty risk, services, fees and charges, etc. The fees charged by the brokers are exclusive of and in addition to Telligent's fees. It is possible that a higher commission might be charged to execute the same transaction. Telligent determines, in good faith, that the commission is reasonable in relation to the value of the brokerage services received.

Telligent has the duty to obtain "best execution" in relation to the commissions paid by the Fund to the execution brokers. In seeking best execution, the determinative factor is not the lowest possible cost in the market, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker's execution capabilities, including market access, execution efficiency, settlement quality, customer services, commission rates, and the value of research reports and seminars provided. Consistent with the foregoing, Telligent seeks competitive commission rates that are justifiable by the abovementioned qualitative factors and does not necessarily obtain the lowest possible rates that are available at other execution brokers. Telligent periodically and systematically reviews its policies and procedures regarding recommending brokers to the Fund in light of its duty to obtain the best execution.

### **(b) Research and Other Soft Dollar Benefits**

The brokers offer research reports and seminars and other non-monetary benefits (commonly known as "soft dollar") to Telligent. What has been acquired by Telligent only includes research reports and seminars covering topics on the economy, business sectors, market securities, risk management, credit analysis, accounting and taxation, legal and compliance, etc. These reports and seminars provide lawful and appropriate assistance to Telligent in the performance of its investment decision-making responsibilities and, therefore, fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934.



Telligent does not enter into any formal written soft dollar arrangements in which it must meet specific commission thresholds. Telligent may be motivated to select or recommend a broker based on the value of receiving the reports and attending the seminars, rather than on the Fund's interest in receiving the most favorable execution. But Telligent makes a good faith determination that the commissions are reasonable in comparison to the value of the research reports and seminars provided.

(c) Trade Allocation

Telligent does not aggregate trade orders for the Fund. The trade orders are placed separately for each account (also known as Pre-trade Allocation). The number of shares of the trade order (ie. order size) is proportionate to the assets under management of the respective account. To determine the order size, Telligent also considers other factors such as cash availability, odd lots, and other relevant factors.

**Item 13: Review of Accounts**

Telligent reviews the portfolio holdings on a daily basis. Such reviews are mainly conducted by Mr Ching-Shan Lin, the Chief Investment Officer, and Mr George Lin, the Chief Executive Officer. The reviews generally include portfolio performance and risk statistics.

State Street Fund Services ("State Street") is the fund administrator that directly sends the account statements to the investors on a monthly basis. Telligent also sends the investors a report that may include relevant information such as an inventory of the exposure and performance on a periodic basis.

**Item 14: Client Referrals and Other Compensation**

Telligent does not participate in any third-party solicitation or placement agent arrangements and does not pay any direct or indirect compensation for the referral of any client or investor to the Fund.

**Item 15: Custody**

Telligent has access to the Fund's accounts since it or an affiliate serves as the general partner or managing company to the Fund. Within 120 days of the end of its fiscal year, the respective Fund will provide each investor with a copy of the Fund's audited financial statements for such fiscal year, prepared in accordance with generally accepted accounting principles and audited by Ernst & Young, which is a registered public accounting firm with the Public Company Accounting Oversight Board (PCAOB).

The Fund's administrator, State Street, sends account statements directly to investors on a monthly basis. Investors should carefully review these statements and should compare these statements to any account information provided by Telligent.

**Item 16: Investment Discretion**

Telligent has investment discretion over the Fund. Investors grant Telligent trading discretion through the execution of a limited power of attorney included in the respective Fund's private placement memorandum. Although investors cannot place restrictions on Telligent's investment discretion, Telligent's investment scope is described in this ADV Part 2A under the chapter Advisory Business.

**Item 17: Voting Client Securities**

Telligent has the voting authority on behalf of the Fund in the shareholder general meetings and extraordinary meetings conducted by publicly traded companies in which the Fund invests. Telligent has adopted and implemented written policies and procedures governing the voting of the Fund's securities. All proxies that Telligent receives will be treated in accordance with these policies and procedures. No investor may direct Telligent to vote for or against any resolution in any meeting.

In general, Telligent does not hold a substantial number of shares that would materially affect a voting result. To spend valuable time and resources for the benefit of the investors, Telligent may not vote on the resolutions regarding some routine corporate matters, such as re-approval of the auditor, change of legal entity's name, appointment of senior executives, etc. But when Telligent decides to vote (for example, voting for or against a merger and acquisition decision), Telligent will vote on a resolution that commercially benefits the company and related parties from the perspectives of sustainable investing.

Telligent has not identified material conflicts of interest in the past. If Telligent identifies a material conflict of interest, it will follow the voting recommendation of an independent professional. A copy of Telligent's proxy voting policies and procedures is available upon request via the contact information on the cover page of this brochure. Current investors may obtain information from Telligent about what resolutions have been voted on.

**Item 18: Financial Information**

Telligent has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Fund's assets.

**Item 19: Requirements for State-Registered Advisers**

This item is not applicable to Telligent because Telligent is not registered as an investment adviser with any state.