

## **Item 1 Cover Page**

### **Part 2A of Form ADV: Firm Brochure**

#### **Talson Capital Management LP**

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March 26, 2024

**This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Talson Capital Management LP (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact us at 203-202-7500. This information has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about the Adviser also is available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).**

**Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

## **Item 2 Material Changes**

The following summary discloses only the material changes made to the Brochure since the Adviser's last Brochure filing with the SEC, which was filed in March 2023:

- Currently, there are no material changes to report. The Adviser updated its regulatory assets under management in Item 4.

## **IMPORTANT NOTE ABOUT THIS BROCHURE**

### ***This Brochure is not:***

- ***an offer or agreement to provide advisory services to any person;***
- ***an offer to sell interests (or a solicitation of an offer to purchase interests) in any Issuer; and***
- ***a complete discussion of the features, risks or conflicts associated with any Issuer.***

As required by Advisers Act, the Adviser provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a private pooled investment vehicle, together with other relevant governing documents, such as the private pooled investment vehicle's private placement memoranda or offering circular, prior to, or in connection with, such persons' investment in the private pooled investment vehicle.

Although this publicly available Brochure describes investment advisory services and products of the Adviser, persons who receive this Brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each private pooled investment vehicle is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by the Adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

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## **Item 4. Advisory Business**

The Adviser is an investment adviser with its principal place of business in Darien, Connecticut. The Adviser commenced operations as an investment adviser on February 23, 2009 and has been registered with the SEC since January 2013. Dominic Napolitano is the principal owner and managing member of the Adviser. Registration with the SEC does not imply a certain level of skill or training.

The Adviser conducts its advisory business through affiliated entities. Specifically, Taylor Investment Advisors, LP ("Taylor") does not have a separate registration as an investment adviser. Instead, Taylor relies on the Adviser's registration in accordance with SEC guidance. See Item 10. This Brochure describes the business practices of the Adviser, as a single advisory business.

The Adviser provides investment advice on a discretionary basis to certain (i) pooled investment vehicles intended for sophisticated investors and institutional investors, (ii) individuals with separately managed accounts, and (iii) investment funds structured as Insurance-Dedicated Investment Funds, whereby we serve as general partner and/or investment adviser to investment funds which offer their interests exclusively to certain (a) segregated asset accounts of life insurance companies that qualify as such under Section 1.817-5(e) of regulations promulgated by the U.S. Treasury Department (as set forth in Title 26 of the U.S. Code of Federal Regulations) (the "Regulations") and (b) general accounts of such Insurance Companies but only as permitted by Section 1.817-5(f)(3) of the Regulations. Investments in such segregated accounts must be available exclusively through the purchase of variable life insurance or variable annuity contracts within the meaning of Section 817(d) of the U.S. Internal Revenue Code of 1986, as amended, from such insurance companies.

The Adviser also provides investment advice on a non-discretionary basis to some clients.

The Adviser provides advice to client accounts based on specific investment objectives and strategies. Under certain circumstances, the Adviser may agree to tailor advisory services to the individual needs of clients. Clients may impose restrictions on investing in certain securities or certain types of securities.

As of December 31, 2023, the Adviser had approximately \$525,792,269 in discretionary client assets and \$4,200,000 in non-discretionary client assets, for a total of \$529,992,269 of assets under management.

## **Item 5. Fees and Compensation**

### **Investment Management Fees**

The Adviser charges each pooled investment vehicle client and each managed account client an investment management fee based on the value of the client's assets under management and charges its corporate client a fixed investment management fee based on the client's initial assets under management. The rate of the investment management fee applicable to the Adviser's pooled investment vehicle clients ranges depending upon a given pooled investment vehicle's attributes. The rate of the investment management fee applicable to a particular client is set forth in the applicable investment management agreement and offering documents.

Investment management fees are generally charged each quarter in advance based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter. If a new client account is established during a quarter or a client makes an addition to its account during a quarter, the investment management fee will be charged as of the effective date of the investment management agreement or the effective date of the additional contribution and will be prorated for the number of days remaining in the quarter.

Investment management fees are generally not negotiable, although the Adviser may waive or modify the investment management fee in certain limited circumstances.

The investment management fee is deducted from a pooled investment vehicle client's account by an outside administrator utilized by the Adviser (the "Administrator"). Clients that are not pooled investment vehicles are billed for the amount of the applicable investment management fee.

### **Performance-Based Compensation**

The Adviser is entitled to receive performance-based compensation, which is compensation that is based on a share of capital gains or capital appreciation of assets. In particular, the Adviser is entitled to receive a performance-based allocation from its pooled investment vehicle clients and a performance-based fee from its managed account client. In accordance with above, the rate of the performance-based allocation applicable to its pooled investment vehicles ranges depending upon a given pooled investment vehicle's attributes. The rate of the performance-based compensation applicable to a particular client is set forth in the applicable investment management agreement and offering documents. The rate of the performance-based fee applicable to its managed account client is as set forth in the investment management agreement.

The performance-based compensation is generally not negotiable, although the Adviser may waive or modify the performance-based compensation structure in certain limited circumstances.

The performance-based allocation will be deducted from a pooled investment vehicle client's account by the Administrator after the end of each fiscal year or at the time of a withdrawal. Clients that are not pooled investment vehicles are billed for the amount of the applicable performance-based fee.

### **Other Fees and Expenses**

In addition to paying investment management fees and, if applicable, performance-based fees, client accounts will also be subject to other investment expenses as follows: client legal, compliance (including expenses related to compliance software), audit and accounting expenses (including third party accounting services); organizational expenses; administrator fees and expenses; investment expenses such as commissions, research fees and expenses (including data services and research-related travel); risk management expenses (including expenses related to risk management software); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; fees paid to underlying portfolio managers; the pro rata share of expenses of any investment entities or accounts in which the client may invest; client-related insurance costs (including D&O insurance costs); and any other expenses related to the purchase, sale or transmittal of client assets.

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

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser is entitled to be paid performance-based compensation by its pooled investment vehicle clients and certain other client accounts. In addition, the Adviser's investment personnel may be compensated on a basis that includes a performance-based component. The Adviser and its investment personnel, including investment personnel that share in performance-based compensation, manage both client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee, which is a non-performance-based fee. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangement than other accounts. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser, and indirectly the portfolio manager, performance-based compensation or higher investment management fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size. A proprietary capital allocation matrix that takes into account the volatility and correlation of the underlying managers is utilized to ensure proper weightings for each fund. Client accounts are automatically allocated their pro rata portion of each investment through the Administrator and capital balance statements are furnished monthly. Finally, the Adviser's procedures also require the objective allocation for limited opportunities such as initial public offerings and private placements to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

## **Item 7. Types of Clients**

The Adviser's clients consist of pooled investment vehicles, individuals with separately managed accounts and a corporation.

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

The Adviser has various investment minimums depending on the circumstances of a particular fund. For more details regarding minimum investments, please see the offering documents of the fund. The Adviser does not have a set minimum investment requirement for separately managed accounts.

The initial and additional subscription minimums for the Adviser's pooled investment vehicle clients are disclosed in the offering memorandum for each pooled investment vehicle.



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

### **Methods of Analysis and Investment Strategies**

With respect to investments in other pooled vehicles, the Adviser primarily focuses on underlying portfolio managers in terms of research rather than individual securities. The Adviser's analytical process includes both quantitative and qualitative elements. The Adviser endeavors to analyze an underlying manager's strategy, philosophy and decision-making process, proprietary models, research and portfolio management systems, the quality of its investment professionals, and its organizational structure. While the Adviser does not implement any of the following investment strategies at the Adviser level, the underlying managers may use some of these strategies. They include:

*Arbitrage Transactions.* The underlying manager(s) may engage in one or more types of arbitrage strategies. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in other forms. The underlying manager(s) may engage in the following arbitrage strategies: event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, statistical arbitrage, debt spread arbitrage and index arbitrage.

*Buy and Hold.* The underlying manager(s) may engage in a buy and hold investment strategy wherein the manager buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

*Equity.* The underlying managers may engage in an equity strategy focused on a broad range of equity investment styles, including growth, core, and value, as well as portfolios designed to be "style-neutral". Some underlying managers may focus on specific ranges on the capitalization scale, from micro-cap, through small-cap, mid-cap and large-cap, to mega-cap. Other underlying managers will focus on investment opportunities in more than one capitalization category or across all capitalization levels.

*Fundamental Value.* The underlying managers may engage in a fundamental value investment strategy wherein the manager attempts to invest in asset-oriented securities they believe are undervalued by the market.

*Global Macro.* The underlying managers may engage in a global macro investing strategy wherein the manager attempts to anticipate global macroeconomic events using discretionary selection, pre-determined mathematical trading models or a combination of both.

*Growth.* The underlying managers may engage in a capital growth investment strategy wherein the manager attempts to select securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or the overall market.

*Hedging.* The underlying managers may utilize a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts for risk management purposes.

*Leverage.* The underlying managers may engage in an investment program utilizing leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

*Option Trading.* The underlying managers may engage in various option trading investment strategy strategies. Options are investments whose ultimate value is determined from the value of the underlying investment. Option strategies managers may engage in include but are not limited to: purchase or sale of calls and purchase or sale of puts.

*Relative Value.* The underlying managers pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued.

*Short Selling.* The underlying managers engage in short selling strategies by selling a security it does not own in anticipation that the market price of that security will decline. The manager makes short sales as a form of hedging to (i) offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility and, (iii) for profit.

*Short-Term Market Timing.* The underlying managers engage in a short-term market timing investment when the manager attempts to anticipate the market price of a stock before the stock's price reacts to market forces by analyzing macroeconomic, microeconomic and market trends. The manager then sells the stock shortly after the stock's price is influenced by market movements.

*Non-Correlated Strategies.* The underlying managers engage in opportunistically investing in non-correlated income/yield producing strategies. Typically, the investments have longer lock-ups and some type of yield component.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire contribution/investment.

## **Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies**

*Arbitrage Transaction Risks.* If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the underlying manager(s) is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads”, which can also be identified, reduced or eliminated by other market participants.

*Commodities.* Commodity investments are affected by business, financial market or legal uncertainties. There can be no assurance that the underlying manager(s) will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on its commodity investments. Prices of commodity investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the underlying manager(s) portfolio and the value of its investments. In addition, the value of the Manager(s) portfolio may fluctuate as the general level of interest rates fluctuates.

*Distressed Situation Risk.* Investment in distressed situations exposes the client to significant risks, including: the difficulty in obtaining information as to the issuer’s true condition; regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; liquidity risk; and collection risk (especially, when dealing with sovereign debt). Moreover, to the extent client accounts are invested in sovereign debt obligations, those investments will be subject to additional risks and considerations not present in private distressed situations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which are affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Adviser.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the underlying manager(s) may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the underlying manager(s) investment portfolios than if the underlying manager(s) did not engage in any such hedging transactions.

*Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk

of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Emerging Markets.* Although it is anticipated that underlying managers will make investments in number of emerging markets, such diversification may not reduce losses which may be experienced by a client's investment portfolio. Historically, positive or negative changes in one emerging market have affected other emerging markets. Accordingly, a client's portfolio may be subject to more rapid change in value than would be the case if such portfolio were required to maintain a wide diversification across securities and issuers in non-emerging markets.

*Leverage.* Performance may be more volatile if an underlying manager(s) account employs leverage.

*Relative Value Risk.* In the event that the perceived mispricings underlying the underlying manager(s) relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the underlying manager(s), client accounts may incur a loss.

*Short Selling Risk.* The underlying manager(s) investment program includes a significant amount of short selling. Short selling transactions expose the underlying manager(s) to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the underlying manager(s) in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the underlying manager(s) might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

## **Item 9. Disciplinary Information**

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

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

The Adviser's affiliate (a "Relying Adviser") serves as general partner, manager, managing member or investment manager with respect to one or more of the Funds. While the Adviser and the Relying Adviser have been organized as separate legal entities, they collectively conduct a single investment advisory business. Accordingly, the Relying Adviser relies on the Adviser's investment adviser registration instead of separately registering as an investment adviser with the SEC under the Advisers Act. To rely on the Adviser's registration, (i) the Relying Adviser, its employees and persons acting on its behalf will be "persons associated with" and "supervised persons" (as each term is defined in the Advisers Act) of the Adviser, (ii) any investment advisory services will be subject to the Adviser's supervision and control, (iii) any investment advisory functions will be subject to the Advisers Act and the rules and regulations thereunder, and (iv) the activities and books and records of the Relying Adviser will be subject to inspection and examination by the SEC. The Relying Adviser will be subject to the Adviser's compliance policies and procedures and, except as the context otherwise requires, any reference in this brochure to the Adviser includes both the Adviser and the Relying Adviser.

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

### **Code of Ethics**

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser to put the interests of the Adviser's clients before its own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Douglas Colasurdo (Chief Compliance Officer) by email at [doug@talsonpartners.com](mailto:doug@talsonpartners.com) or by telephone at 203-202-7500.

### **Conflicts of Interest Created by Contemporaneous Trading**

This item is not applicable.

## **Item 12. Brokerage Practices**

This item is not applicable.

### **Item 13. Review of Accounts**

Each client account is reviewed by the Adviser's Chief Compliance Officer on at least a quarterly basis to consider matters of asset allocation and manager selection, retention and termination.

Significant market events or changes in the investment objectives or guidelines of a particular client may trigger a review of client accounts on other than a periodic basis.

A client receives reports from the Adviser pursuant to the terms of each client's offering memorandum or as otherwise described in the applicable offering document of the client.

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

This item is not applicable.

### **Item 15. Custody**

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

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

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

### **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to pooled investment vehicle clients and individuals with separately managed accounts. The limited partnership agreement of each pooled investment vehicle client names the Adviser as the investment manager and sets forth the scope of the Adviser's discretion. Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable limited partnership agreement) and (ii) the amount of securities to be purchased or sold for the client account.

## **Item 17. Voting Client Securities**

The Adviser has the authority to vote proxies on behalf of the pooled investment vehicles and separately managed accounts. The Adviser has a written policy in place regarding the voting of proxies that is designed to ensure that pooled investment vehicles fulfill their fiduciary obligation to investors in a timely and prudent manner, and that the Adviser fulfills its fiduciary obligation to separately managed accounts. The policy is intended to address a range of common business and social issues often contained in proxy statements. The Adviser will deal with items not specifically addressed in the policy on a case-by-case basis.

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

## **Item 18. Financial Information**

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