

Part 2A of Form ADV: Firm Brochure

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January 2013

This brochure provides information about the qualifications and business practices of Talson Capital Management, LLC (the “Advisor”), an investment advisor 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 United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Talson Capital Management, LLC also is available on the SEC’s website at www.advisorinfo.sec.gov.

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

Table of Contents

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

Item 4. Advisory Business

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

The Advisor provides investment advice on a discretionary basis to pooled investment vehicles intended for sophisticated investors and institutional investors. Furthermore, the Advisor provides investment advice on a non-discretionary basis to a corporation. Generally, the advisor provides advice on the hedge fund asset class, but from time to time may provide advice on other asset classes and the market environment in general.

The Advisor provides advice to client accounts based on specific investment objectives and strategies. Under certain circumstances, the Advisor 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 January 1, 2013, the Advisor had approximately \$199,000,000 client assets under management. As of that date, the Advisor managed \$99,000,000 on a discretionary basis and \$100,000,000 on a non-discretionary basis.

Item 5. Fees and Compensation

The Advisor charges each pooled investment vehicle 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. Furthermore, the Advisor is paid a performance-based fee for each pooled investment vehicle client, which is compensation that is based on a share of capital gains on or capital appreciation of assets. The Advisor's fees are charged in accordance with the following schedule:

Pooled Investment Vehicle Clients

Class A Interests: 1% management Fee, 5% performance allocation

Class B Interests: 1.5% management Fee, no performance-based fee

Corporate Client

Fixed Fee

Investment Management Fees

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.

These fees are not negotiable.

The fees will be deducted from the client's account by an outside administrator utilized by the Advisor (the "Administrator").

Performance Allocation Fees

The Advisor will be paid a performance-based fee by its pooled investment vehicle clients, which is compensation that is based on a share of the capital gains or capital appreciation of the assets of a client. In accordance with above, this compensation will be paid to the Advisor at an annual rate of 5%.

The fees will be deducted from the client's account by the Administrator after the end of each fiscal year.

These fees are not negotiable.

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 Bloomberg and similar subscriptions and data services and research-related travel); risk management expenses (including expenses related to risk management software); order management systems, as well as other analytical systems; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; fees paid to 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 Advisor and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Advisor is entitled to be paid performance-based compensation by its private pooled investment vehicle clients. In addition, the Advisor's investment personnel may be compensated on a basis that includes a performance-based component. The Advisor 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 Advisor and its investment personnel have a greater incentive to favor client accounts that pay the Advisor, and indirectly the portfolio manager, performance-based compensation or higher investment management fees.

The Advisor 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 Advisor 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 Advisor'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 Advisor'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 Advisor's Chief Compliance Officer.

Item 7. Types of Clients

The Advisor's clients consist of (i) pooled investment vehicles intended for sophisticated investors and institutional investors and (ii) a corporation.

The Advisor generally requires that an investor of a client invests a minimum of \$1,000,000 to open an account.

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 Advisor primarily focuses on underlying portfolio managers (each, a “Portfolio Manager”) in terms of research rather than individual securities. The Advisor’s analytical process includes both quantitative and qualitative elements. The Advisor endeavors to analyze a Portfolio 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 Advisor does not implement any of the following Investment Strategies at the Advisor 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.

Emerging Markets. The underlying managers may invest in emerging market securities in an attempt to capture developing/emerging market above average growth characteristics.

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 Advisor 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.

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 Advisor.

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 a 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 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

This item is not applicable.

Item 10. Other financial Industry Activities and Affiliations

This item is not applicable.

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

Code of Ethics

The Advisor has adopted a Code of Ethics (the “Code”) that obligates the Advisor to put the interests of the Advisor’s clients before its own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Advisor’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 Dominic Napolitano (Chief Compliance Officer) by email at dom@talsnpartners.com or by telephone at 203-202-7500.

Client Transactions in Securities where Advisor has a Material Financial Interest

This item is not applicable.

Investing in Securities Recommended to Clients

This item is not applicable.

Conflicts of Interest Created by Contemporaneous Trading

This item is not applicable.

Item 12. Brokerage Practices

This item is not applicable because of the fund-of-funds nature of the Advisor's clients.

Item 13. Review of Accounts

Each client account is reviewed by Dominic Napolitano 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 client pursuant to the terms of each client's offering memoranda or as otherwise described in the offering document of the client.

Item 14. Client Referrals and Other Compensation

This item is not applicable.

Item 15. Custody

This item is not applicable.

Item 16. Investment Discretion

The Advisor provides investment advisory services on a discretionary basis to pooled investment vehicle clients. The limited partnership agreement of each vehicle names the Advisor as the investment manager and sets forth the scope of the Advisor's discretion. Unless otherwise instructed or directed by a discretionary client, the Advisor 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 Advisor does not have authority to vote client securities.

Item 18. Financial Information

This item is not applicable

Item 19. Requirements for State-Registered Advisors

- a. Dominic Napolitano is the founder and Managing Member of the Advisor. Prior to founding the Advisor, Mr. Napolitano was employed by Soros Fund Management from 2001 to 2009 where he was instrumental in building and overseeing multibillion dollar portfolios of hedge funds for the Quantum group of funds, and other Soros affiliate portfolios. In addition, during his tenure, he designed the manager selection and due diligence monitoring processes.

From 1998-2001, Mr. Napolitano managed discretionary funds at Graham Capital Management. From 1992-1998, Mr. Napolitano was employed by Tudor Investment Corporation, in the capacity of research, trading and managing proprietary capital. From 1988-1992, he was employed by Refco Securities in institutional sales and trading, covering large hedge funds and institutional clients. He began his career on the floor of the Commodities Exchange.

Mr. Napolitano graduated with a B.A. in Economics from Middlebury College and spent his junior year studying finance at Columbia University. Mr. Napolitano has over two decades of direct hedge fund experience in trading, investing and overseeing investment managers.

- b. Dominic Napolitano is the Chief Investment Officer and spends the vast majority of his professional time managing the Advisor.
- c. As discussed in Item 5 above, the Advisor may receive performance-based compensation which is based on a share of the capital gains or capital appreciation of the assets of a client. This compensation will be paid to the Advisor at an annual rate of 5% of such capital gains or appreciation. Such compensation may create an

incentive for the Advisor to recommend an investment that may carry a higher degree of risk to the client.

d. This item is not applicable.

e. This item is not applicable.

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