

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

**Telemark Asset Management, LLC**

**One International Place, Suite 2401  
Boston, MA  
02110**

**617-526-8912**

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**This brochure provides information about the qualifications and business practices of Telemark Asset Management, LLC (“Telemark”), an SEC-registered investment adviser. If you have any questions about the contents of this brochure, please contact us at (617) 526-8912. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or any other state securities authority.**

**Additional information about Telemark is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) through the IARD system that provides information on state, as well as SEC, registered advisers.**

**Registration of an investment adviser with the SEC does not imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

There are no material changes to report.

### ITEM 3 – TABLE OF CONTENTS

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 ALLOCATION AND SIDE-BY-SIDE MANAGEMENT.....	6
ITEM 7 – TYPES OF CLIENTS .....	7
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	8
ITEM 9 – DISCIPLINARY INFORMATION.....	10
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	11
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	12
ITEM 12 – BROKERAGE PRACTICES.....	13
ITEM 13 – REVIEW OF ACCOUNTS.....	14
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	14
ITEM 15 – CUSTODY.....	16
ITEM 16 – INVESTMENT DISCRETION .....	17
ITEM 17 – VOTING CLIENT SECURITIES.....	18
ITEM 18 – FINANCIAL INFORMATION .....	19

#### **ITEM 4 – ADVISORY BUSINESS**

Telemark, a Delaware limited liability company, provides investment advisory services to one private fund, Telemark Fund, LP (the “Fund”). Telemark was founded in 2003, and Colin S. McNay is the sole owner.

Telemark provides advisory services to the Fund based upon the Fund’s investment objectives and restrictions, which are discussed in the Fund’s private placement memorandum. Fund investors may not impose restrictions on investing in certain securities, types of securities or industry sectors. For purposes of this brochure, Telemark’s client is the Fund, not the investors in the Fund.

The Fund is exempted from registration under the Investment Company Act of 1940, as amended. Interests in the Fund are offered to certain accredited investors, including high net worth individual and institutional investors, in an offering that is exempt from registration under the Securities Act of 1933, as amended.

Telemark does not participate in wrap fee programs.

As of December 31, 2015, Telemark manages \$445,175,054 of client assets on a discretionary basis. Telemark does not manage client assets on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### **Management Fee**

Telemark receives a quarterly management fee of one-fourth of one percent (0.25%, or 1.0% per annum) of each limited partner's capital balance in the Fund (the "Management Fee"). The Management Fee is payable in arrears at the end of each quarter. The Management Fee is deducted from each limited partner's assets and may not be paid in advance. The Management Fee is not negotiable. Telemark does not charge a Management Fee to its affiliated and employee limited partners.

In addition to the Management Fee discussed above, the Fund is also responsible for its own costs and expenses, including brokerage fees and other transaction costs (see Item 12), ongoing legal, accounting and bookkeeping fees and expenses, and the fees and expenses charged by the Fund's administrator for its accounting, bookkeeping and other services. Telemark generally bears its own operating, general, administrative and overhead costs and expenses, except the expenses described above.

Neither Telemark nor its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **ITEM 6 – PERFORMANCE-BASED ALLOCATION AND SIDE-BY-SIDE MANAGEMENT**

The general partner of the Fund, an affiliate of Telemark, may receive an incentive allocation at the end of each fiscal year (the “Incentive Allocation”). The Incentive Allocation is based on a percentage of a limited partner’s profits, if any, and generally applied only to profits that exceed the cumulative losses previously incurred by or allocated to the respective limited partner in the Fund. The general partner does not receive an Incentive Allocation from affiliated or employee limited partners. Because Telemark’s sole client is the Fund, neither Telemark nor its supervised persons manage both accounts that are charged an Incentive Allocation and accounts that are charged only a fee.

## **ITEM 7 – TYPES OF CLIENTS**

As noted in Item 4, Advisory Business, Telemark has one client, the Fund. The Fund is a Delaware limited partnership. Telemark generally requires a minimum investment in the Fund of \$1,000,000.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### Methods of Analysis and Investment Strategies

Telemark will seek to accomplish the investment objectives of the Fund by investing primarily in long and short equity positions, but may invest in other types of securities, including debt securities, options and futures. We will combine “top-down” analysis, to assess the various market segments, with “bottom-up” company specific research. We are likely, at times, to have a high concentration, long or short, in one or more sectors of the market. Our primary objective is long-term performance, which may result in short-term volatility. While the Fund is expected to focus on longer-term investments, it may also use short-term investments to protect longer-term positions, or to take advantage of short-term investment opportunities.

Top-down analysis, as well as company specific analysis, may include fundamental analysis, valuation analysis, technical analysis, and other forms of quantitative analysis. Top-down fundamental analysis will seek to identify sectors with increasing or decreasing strength, particularly when there is a trend change that is not fully recognized by the market. Company specific fundamental analysis will focus on discussions with company management, detailed analysis of company financial statements and public filings, and research from third parties, such as independent research services and industry contacts.

We may invest in foreign securities and may take long or short positions in market indexes.

We may seek to isolate new or existing macro trends and then find specific companies that benefit from these trends. Such trends may include macro economic trends, demographic trends, technology trends, geopolitical trends and others.

### Risk of Loss

No guarantee or representation is made that Telemark’s investment strategies will be successful. Limited partners of the Fund could experience a partial or total loss of capital due to any number of risks, including, but not limited to:

1. Use of Leverage – The Fund may leverage its investment positions by borrowing funds from securities broker-dealers, banks, or others. The Fund may borrow significant amounts to take advantage of perceived opportunities. While leverage presents opportunities for increasing the Fund’s total return, it has the effect of potentially increasing losses as well. The Partnership Agreement does not impose any limits on the amount of leverage the Fund may incur. In addition, borrowings are typically secured by the Fund’s securities and other assets. Under certain circumstances, a lender may demand an increase in the collateral that secures the Fund’s obligations and, if the Fund were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the Fund’s obligations. Liquidation in that manner could have extremely adverse consequences for the Fund.



2. Concentration – The Fund may invest up to 15% of the net assets of the Fund in any one investment. As a result, a loss in any one position could have a material adverse effect on value of the Fund.
3. Liquidity - The securities and other instruments in which the Fund invests may be thinly traded and relatively illiquid or may cease to be traded after the Fund invests. In such cases and in the event of extreme market activity, the Fund may not be able to liquidate its investments promptly if the need should arise or to cover short sales, thereby forcing the Fund to incur unlimited losses.
4. Non-U.S. Investing – In trading on non-U.S. exchanges and markets, there may be less regulatory oversight and supervision of the exchanges than in the U.S. In addition, certain of those exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants, as do U.S. exchanges.

Investments in non-U.S. issuers may involve certain risks due to economic, political and legal developments including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities.

5. Derivatives – The Fund may utilize derivatives to leverage, or hedge in order to obtain investment exposure to various issuers, indices, sectors, industries, asset classes, markets, economic indicators, and other instruments. Most derivatives have highly imbedded leverage, and certain derivatives have the potential for unlimited loss regardless of the size of the initial investment. In addition, there is the risk of mispricing or improperly valuing a derivative, and the inability of derivatives to correlate perfectly with the underlying asset.
6. Short Sales - Short selling involves the sale of a security that the Fund does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. Short sales can, in certain circumstances, substantially increase the effect of adverse price movements on the Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which, except in the case of a short sale "against the box," could result in a theoretically unlimited loss to the Fund. There can be no assurance that securities necessary to cover a short position will be available for purchase.

The above section is only a brief summary of some of the material risks relevant to the methods of analysis and investment strategies described above. Investors in the Fund should refer to the Fund's offering documents for a more complete list of risks involved with an investment in the Fund.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Not applicable.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Telemark nor any of its management is registered or has an application pending to register as broker-dealer, registered representative of a broker-dealer, futures commission merchant (“FCM”), commodity pool operator (“CPO”) or commodity trading advisor (“CTA”). In addition, neither Telemark nor any of its management persons is an associated person of an FCM, CPO or CTA.

Telemark is affiliated with Telemark Capital, LLC, the General Partner of the Fund. The sole owner of both Telemark and the General Partner is Colin S. McNay.

Telemark does not recommend or select other investment advisers for its client.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Telemark has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Code of Ethics outlines the standards of business conduct and the fiduciary obligations of its supervised persons, as well detailing the preclearance and reporting requirements of employee personal trading. Under the Code of Ethics, supervised persons are required to report any violations of the Code of Ethics, whether with respect to their own conduct or conduct of others. Supervised persons provide written acknowledgement that they have received a copy of the Code of Ethics and any amendments thereto. Telemark will provide a copy of its Code of Ethics to any investor in the Fund or prospective investor or client upon request.

Among the topics covered by the Code of Ethics are prohibitions against insider trading, resolving conflicts of interest, personal securities transactions by Telemark personnel, and gifts and gratuities. Telemark and its supervised persons owe a fiduciary duty to the Fund in connection with the furnishing of investment advice. Telemark and its supervised persons have fiduciary obligations that require them at all times to act in the sole and best interests of the Fund. Supervised persons must: (i) avoid conflicts of interest, including even the appearance of a conflict of interest; and (ii) promptly advise the Chief Compliance Officer of any potential conflict of interest. A conflict of interest includes without limitation any situation in which a supervised person has a beneficial ownership in the purchase or sale of a security held by Telemark or the Fund.

All personal trades must be pre-cleared by Telemark’s President and reviewed by the Chief Compliance Officer. In addition, Telemark maintains “blackout” periods during which no supervised person may trade in a security that the Fund is trading, except with the prior written consent of the Chief Compliance Officer or his designee. Personal securities transactions of supervised persons must be reported each month. Any trading for a supervised person’s account that does not evidence a good faith effort to comply with these rules will be subject to Telemark’s review. If the President determines that a violation of this policy or its intent has occurred, he may impose such sanctions as he deems appropriate including forfeiture of any profit from a transaction or termination of employment.

## **ITEM 12 – BROKERAGE PRACTICES**

Telemark has the authority and sole discretion to select broker-dealers to execute portfolio transactions for the Fund. Telemark does not permit the Fund or investors to direct Telemark to use specific brokers. Telemark, as a matter of policy and practice, seeks to obtain best execution for client transactions, i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution under the particular circumstances.

Telemark may pay a larger commission to one broker, over a competing broker, if we determine in good faith that the commissions charged are reasonable based upon the value of the brokerage and research services we receive from that broker over time. In making such a determination, Telemark may consider a number of factors, including without limitation: (a) net price, clearance and settlement; (b) efficiency of execution and error resolution; (c) the availability of stocks to borrow for short trades; (d) willingness to execute related or difficult transactions in the future; and (e) reputation, financial strength and stability.

UBS Securities LLC (“UBS”) and National Financial Services LLC currently serve as prime brokers regarding securities transactions for the Fund. In addition, Telemark pays UBS for use of certain office space. UBS provided office space together with related services, which included telephone and data network infrastructure and maintenance, receptionist, mailroom and technical support, office furniture, telephone equipment and usage, cable service, computer equipment and shared use of common areas, through May 31, 2015. After that date, Telemark will continue to rent office space from UBS, but will have the related services provided by other vendors. The provision of office space and related services (through May 31, 2015) to Telemark, including the provision of such services on terms that may have been favorable or at rates that may have been below market, may have been and may continue to be a factor when Telemark selects its prime broker and/or brokers for the execution of portfolio transactions for the Fund, which could be viewed as a conflict of interest. Telemark manages any such conflict of interest by regularly reviewing and evaluating the execution of portfolio transactions for the Fund.

Telemark relies on research from various brokers and dealers. During the last fiscal year, Telemark acquired the following research with Fund brokerage commissions or markups: market data, company specific data, economic research, market strategy, and meetings with company managements. Telemark may enter into agreements under which brokerage and research services are obtained by Telemark from or through a broker in exchange for the brokerage commissions from transactions. Telemark’s use of commission or “soft” dollars to pay for research products or brokerage services is intended to fall within the safe harbor for soft dollars created by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Soft dollar arrangements may provide an incentive for Telemark to select a broker on the basis of the brokerage or research provided rather than the quality of the execution of trades, to pay higher commissions than another broker might charge, or to trade securities more actively than it otherwise would in order to generate soft dollars.

Telemark does not consider in selecting a broker whether Telemark or a related person receives client referrals from a broker-dealer or third party.

### **ITEM 13 – REVIEW OF ACCOUNTS**

Telemark's President and its Chief Financial Officer review the investments in the Fund generally on "a real-time" basis. Such reviews consider, among other things, asset allocation, cash management, and market prospects. Investors in the Fund receive a quarterly investment letter, along with their unaudited Capital Account Statement. In addition, they receive a copy of the Fund's audited financial statements and tax information (Schedule K-1), annually.

**ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Not applicable.

## **ITEM 15 – CUSTODY**

The Fund maintains custody arrangements through qualified custodian banks that do not send statements to Fund investors. As discussed above, investors in the Fund receive a quarterly investment letter and unaudited capital account statement, as well as an annual copy of the Fund's audited financial statements and tax information on Schedule K-1. The Fund is subject to an annual audit, and the audited financial statements are distributed to investors in accordance with the requirements of Rule 206(4)-2 under the Advisers Act.



## **ITEM 16 – INVESTMENT DISCRETION**

Telemark accepts discretionary authority to manage securities accounts on behalf of clients only to the extent that it provides investment advisory services to the Fund pursuant to an investment advisory agreement. Any restrictions or limitations on any type of investments are established by the general partner of the Fund, and are disclosed in the Fund's offering documents.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Telemark has the authority to vote proxies on behalf of the Fund. While not every proxy must be voted, under Telemark's proxy voting policies and procedures adopted pursuant to Rule 206(4)-6 under the Advisers Act (the "Proxy Voting Policy"), Telemark must justify its reason for not voting a particular proxy (e.g., the time and cost of voting a proxy are not in the Fund's best interest).

Telemark may have a conflict of interest in voting a particular proxy. A conflict of interest could arise, for example, as a result of a business relationship with a company, or a direct or indirect business interest in the matter being voted upon, or as a result of a personal relationship with corporate directors or candidates for directorships. Whether a relationship creates a material conflict of interest will depend upon the facts and circumstances.

Telemark addresses any conflicts pursuant to its Proxy Voting Policy. Telemark generally will vote proxies so as to promote the long-term economic value of the underlying securities. Each proxy proposal should be considered on its own merits, and an independent determination should be made whether to support or oppose management's position. Telemark believes that the recommendation of management should be given substantial weight and will generally vote with management unless the proposals may be detrimental to the underlying value of client positions.

Telemark generally will vote proxies when the Fund owns more than 1% of the shares outstanding of the underlying security. Under normal circumstances, the Fund will not vote proxies when the Fund owns 1% or less of the shares outstanding of the underlying security because such votes typically will not be cost effective and in the best interest of the Fund. Consistent with Telemark's Proxy Voting Policy, a written explanation will be prepared specifying why each such proxy was not voted. Telemark will calculate the Fund's ownership percentage as of the date that Telemark receives the proxy.

Investors in the Fund may obtain a copy of our Proxy Voting Policy upon request by calling Brian C. Miley at (617) 526-8912.

## **ITEM 18 – FINANCIAL INFORMATION**

Not applicable.