

## Telligent Investment Management, LLC

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Part 2A of Form ADV  
The Brochure

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This brochure provides information about the qualifications and business practices of Telligent Investment Management, LLC. 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). 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 also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

The most recent update to Part 2 of Form ADV was made in March 2019. After the time of that update, no material business activity had been changed.

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

Telligent Investment Management, LLC (“Telligent”) was founded in 1999 by Mr Ching-Shan Lin and Mr George Lin. Telligent has been owned by them ever since. As of December 31, 2019, the discretionary assets under management of Telligent is approximately US\$213 million. No assets managed by Telligent are on a non-discretionary basis. Telligent provides investment advisory services in conjunction with asset management services to two hedge funds (“the Funds”):

- Telligent Greater China Master Fund, LP (“TGCMF”), launched in August 2004, is incorporated under a master-feeder fund structure with one Onshore Feeder and one Offshore Feeder (respectively referred to hereinafter as “the Onshore Feeder” and “the Offshore Feeder”).
- Telligent Greater China Value Fund, LP (“TGCVF”), launched in February 2014, is incorporated under a single fund structure.

Telligent has discretionary authority, without obtaining consent from the investors of the Funds, over the investment decisions to decide which security to transact and what time to transact for the Funds. Telligent does not tailor advisory services to any investors investing in the Funds, nor allows the investors to impose restrictions on investing in certain securities or types of securities.

Telligent provides investment advice with respect to the long term prospects of the Greater China region (including China, Hong Kong, and Taiwan) while employing risk managed portfolio construction to protect on market downsides. The Funds invest primarily in publicly traded equity securities. These securities are majorly listed on HKSE (Hong Kong), TSEC (Taiwan), SSE (China), SZSE (China), NASDAQ and NYSE (USA). The Funds also use a variety of financial instrument, including index products, swaps, options futures, and other derivatives.

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

##### **(a) TGCMF**

With respect to the net asset values of the Onshore Feeder and the Offshore Feeder, Telligent charges a non-refundable investment management fee of 0.375% each quarter (approximately 1.5% per annum). The management fee is negotiable but accepting a different fee is subject to Telligent’s discretion. The fee is calculated, paid in advance on the first day of each quarter, and then deducted directly from the assets managed. Where subscription/redemption made not in quarter end, Telligent will only charge a pro rata amount based on the number of month(s) that the investment was managed in that quarter. Any excess amount charged will be refunded.

Telligent also charges an early withdrawal fee, equal to 5% of the amount withdrawn, payable to the respective Onshore Feeder and Offshore Feeder where the interest in respect of the withdrawal was purchased within the first 12 months. For the purpose of calculating the early withdrawal fee, each tranche of interests purchased on multiple dates is tracked separately. And the earliest tranche of investment is deemed to be withdrawn first. The early withdrawal fee payable may be waived or reduced by the Board of Directors of the Offshore Feeder or the General Partner of the Onshore Feeder (depends on the withdrawal is occurred in which Feeder) at their sole discretion.

In addition to the fees above, the Fund bears trading costs, custody fees, fund administrator fees, legal expenses, audit fees, governmental fees and taxes, insurance, and other professional fees and expenses. In case the 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 subscription fees nor receive compensations for the sale of the Funds. Investors should refer to the respective Onshore

Feeder's and Offshore Feeder's offering documents for a detailed description of the fees and expenses and other material information.

Each investor may withdraw a minimum amount of \$10,000 on the last day of each quarter by giving 30 days written notice. Telligent has the discretion to allow another time rather than each quarter end but may charge an administrative fee to the withdrawal amount. Partial withdrawals may not be allowed by Telligent if an investor's investment will reach below \$1,000,000 after such withdrawal.

(b) TGCVF

Telligent charges a non-refundable, investment management fee with respect to the net asset value of the Fund.

- For Class A interests, Telligent charges 0.3125% quarterly (around 1.25% per annum).
- For Class B interests, Telligent charges 0.25% quarterly (around 1.00% per annum).

The management fee is negotiable but accepting a different fee is subject to Telligent's discretion. The fee is calculated, paid in advance on the first day of each quarter, and then deducted directly from the assets managed. Where subscription/redemption is made not in quarter end, Telligent will only charge a pro rata amount based on the number of month(s) that the investment was managed in that quarter. Any excess amount charged will be refunded. Telligent has discretionary power to waive or reduce the management fee for any investor.

For any withdrawal of Class B investment at any time during the first 36 months, the withdrawal amount will be regarded as Class A investment and therefore subject to the Class A management fee and also the Class A performance allocation (please see Item 6 for the calculation of performance allocation). Since the withdrawal amount is subject to higher fees, the shortfall will be deducted on the withdrawal amount.

Telligent also charges an early withdrawal fee which is payable to the Fund. For the purpose of calculating the early withdrawal fee, each tranche of interests purchased on multiple dates is tracked separately. And the earliest tranche of investment is deemed to be withdrawn first. Telligent may agree to waive or establish a different early withdrawal fee for any investor.

- (1) Any withdrawals by a Class A investor during the first 12 months after the related interests were purchased will be subject to an early withdrawal fee equal to 5.0% of the amount withdrawn.
- (2) Any withdrawals by a Class B investor during the first 36 months after the related interests were purchased will be subject to an early withdrawal fee equal to 5.0% of the amount withdrawn. But there is a rebalance allowance (as described below) under which the early withdrawal fee does not apply to a certain amount of withdrawal.
  - (i) From the beginning of the 13th month to the end of the 24th month, a Class B interest investor can withdraw up to 7% of his interest (in a single withdrawal or in multiple withdrawals) without being charged an early withdrawal fee.
  - (ii) From the beginning of the 25th month to the end of the 36th month, a Class B interest investor can withdraw up to 12% of his interest (in a single withdrawal or in multiple withdrawals) without being charged an early withdrawal fee.
  - (iii) For the avoidance of doubt, if a Class B investor had withdrawn 7% of his Class B interests at any month end between the 13th month and the 24th month without

being charged an early withdrawal fee, he can only withdraw up to 5% of his Class B interests at any month end between the 25th month and the 36th month without being charged an early withdrawal fee. So that his total withdrawal without being charged an early withdrawal fee will not exceed 12%.

- (iv) For another example, if a Class B investor had not withdrawn his Class B interests at any month end between the 13th month and the 24th month, he can withdraw up to 12% of his Class B interests at any month end between the 25th month and the 36th month without being charged an early withdrawal fee.

In addition to the fees referred to above, the Fund bears trading costs, custody fees, fund administrator fees, legal expenses, audit fees, governmental fees and taxes, insurance, and other professional fees and expenses. In case the 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 subscription fees nor receive compensations for the sale of the Funds. Investors should refer to the Fund's offering documents for a detailed description of the fees and expenses and other material information.

Each investor may withdraw a minimum amount of \$50,000 on the last day of each quarter by giving 30 days written notice. Telligent has the discretion to allow another time rather than each quarter end but may charge an administrative fee to the withdrawal amount. Partial withdrawals may not be allowed by Telligent if an investor's investment will reach below \$1,000,000 after such withdrawal.

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

##### **(a) TGCMF**

Telligent or an affiliated entity receives an annual performance allocation at the close of the Fund's fiscal year equal to 20% of the portion of the Fund's annual net income (including realized and unrealized gains and net of the management fee). The performance allocation is subject to a loss carryforward provision (commonly known as a "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 will not receive the performance allocation. Investors should refer to the Fund's offering documents for the detailed description of the performance based fees.

The 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 the implementation of investment analysis by investment professionals and ongoing reviews by compliance personnel.

##### **(b) TGCVF**

Telligent or an affiliated entity will receive an annual performance allocation at the close of each fiscal year.

- (1) With respect to Class A interests, 15% of the Fund's net income (including realized and unrealized gains and net of the management fee) attributable to each Class A investor's capital account.
- (2) With respect to Class B Interests, 10% of the Fund's net income (including realized and unrealized gains and net of the management fee) attributable to each Class B investor's capital account.

The performance allocation is subject to a loss carryforward provision (commonly known as a “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 will not receive the performance allocation. Investors should refer to the Fund’s offering documents for the detailed description of the performance based fees.

The 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.

Because Telligent manages more than one fund with different fee structures, potential conflicts of interest can arise. There might be a motivation to provide preferential treatment to one fund over the others – in terms of allocation of time, resources, and investment opportunities. For example, the time and resources spent on generating short selling ideas can only directly benefit the fund in which short position is allowed. To mitigate these potential conflicts, Telligent undertakes to act in a fair and equitable manner and makes substantial efforts to deliver fair investment opportunities by supervising the research procedures and the trading practices.

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

Telligent’s clients are the Funds to whom Telligent provides investment advice and investment management.

- For TGCMF, the minimum initial investor subscription is \$1,000,000 and the minimum additional subscription is \$50,000. The General Partner for the Onshore Feeder and the Board for the Offshore Feeder (depends on the withdrawal is occurred in which Feeder) may, at their sole discretion, accept a lesser subscription amount.
- For TGCVF, the minimum initial investor subscription is \$1,000,000. The General Partner has the discretion to accept a lesser amount.

Interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore transactions. Typically, these investors are high net worth individuals, institutions and other entities. 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 which must be satisfied in connection with Telligent’s receipt of performance based compensation.

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

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

Telligent primarily uses fundamental research and analysis. Telligent believes that, in the Greater China region, there will be a decade of transformation. China’s manufacturing powerhouse is evolving from labor intensive goods to higher tech, higher value added products. There will also be a change in Chinese society’s consumption habits due to the rise of the middle class. In this transformation era, Telligent conducts its own analysis to identify the winners and 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 see if there are meaningful free cash flow and compelling margin of safety. Other factors, such as business

growth, dividend yield, and ESG framework 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 the companies and managements all around the region to understand their business models. Telligent spends a significant amount of time in visiting those companies' competitors, suppliers, and other companies in similar sectors to find critical factors. Trade journals and local press are also a resource. But 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 Funds invest in a wide variety of securities and financial instruments, issued by domestic and foreign companies, governments, governmental agencies and other issuers, of all kinds and descriptions, whether publicly traded or securities of limited liquidity, including but not limited to equity, debt, convertible securities, preferred stock, options, warrants, swaps, caps and floors; partnership interests and other investment companies, currencies and currency interests, and futures and forward contracts and options thereon, derivatives and monetary instruments, in the form of long positions, short positions (for TGCMF only), or both, without restriction, all as determined by Telligent in 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.

(c) Risk of Loss

Telligent aims to preserve capital during market downturns while tolerates short term volatility. No guarantee or representation is made that the Funds' investment will be successful. All investments made by the Funds 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 Funds can, in certain circumstances, maximize the adverse impact to which the Funds' portfolios may be subject. As a result, an investment in the Funds 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 Funds entail substantial risks and there can be no assurance that its investment objectives will be achieved. Past results of the Funds 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 Funds, 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 Funds 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 Funds allows for the possibility of a significant amount of the Funds' equities to be invested in the securities of only a few companies. The

concentration would subject the Funds 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 can be borrowed fluctuates from time to time. The Funds 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 borrowed Funds 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 Funds 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 for 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 Funds in securities and financial instruments that involve counterparties. Under certain conditions, the Funds could suffer losses if the counterparty defaults or if the market fails. In addition, the Funds could suffer losses in the event of a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Funds conduct business.

(7) Non-U.S. Investments Risk

The Funds invest and trade 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 on 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 Funds, 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 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 performs sub advisory services on behalf of Telligent to the Funds. 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 Funds. Because of the fiduciary duty, Telligent is required to act in the Funds' best interest. To provide more details about how this fiduciary duty operates in practice, Telligent has adopted a written code of ethics that is applicable to Telligent's employees and to 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 would not advise or instruct the Funds to buy or sell securities in which Telligent or related person has a material interest unless Telligent has reason to believe that it is in the Funds' best interest to do so.

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. Any employee transactions must require preclearance from the compliance personnel. The compliance personnel must not grant preclearance where it would appear that the interests of the Funds could be conflicted. For example, preclearance must not be granted where the Funds have not yet filled the trade orders for that security up to the targeted number of shares. No employee may be allowed to buy or sell the security for their personal account before and after one trading day on which the Funds had traded that security, given that the employee is aware of that security was traded or will be traded by Telligent for the Funds; or that security was recommended or will be recommended by Telligent for the Funds).

The compliance personnel oversees the employee trades, relative to the Funds' trades, to avoid improper transactions engaged by the employees. In each quarter, the employees must report all reportable securities transactions in accounts in which they have a beneficial interest. It is assumed that the employees have a beneficial interest in the securities owned by their family members living in the same household. Employees must report their holdings semi-annually and

must seek preapproval for opening securities account. For new employees, they must report their initial holdings when they join Telligent. 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 and execution brokers (the “brokers”) to provide brokerage and clearing services to the Funds. 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 Funds to the execution brokers. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker’s execution capabilities, including markets access, execution efficiency, settlement quality, customer services, commission rates, and the value of research reports and seminars provided. Consistent with the foregoing, while Telligent will seek competitive rates, it may not necessarily obtain the lowest possible commission rates. Telligent periodically and systematically reviews its policies and procedures regarding recommending brokers to the Funds 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 have a motivation to select or recommend a broker based on the value in receiving the research reports and seminars, rather than on the Funds’ 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 Funds. The trade orders are placed separately for each Fund (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 Funds. To determine the order size, Telligent also considers other factors such as cash availability, investment objectives, odd-lots, and any other relevant factors. Given the current fund size, Telligent does not allocate IPO to TGCVF.

### **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 of Telligent, and Mr George Lin, the Chief Executive Officer of Telligent. The reviews generally include portfolio performance and risk statistics.

IFS – International Fund Services a State Street Company (“IFS”) is the fund administrator which directly sends the account statements to the investors on a monthly basis. Telligent also sends the investors a report that may include such 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 Funds.

### **Item 15: Custody**

Telligent has access to the Funds’ accounts since it or an affiliate serves as the general partner or managing company to the Funds. 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 firms with the Public Company Accounting Oversight Board (PCAOB).

The Funds’ administrator, IFS, 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 Funds. 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 authority to vote on behalf of the Funds in the shareholder general meetings conducted by publicly traded companies in which the Funds invest. Telligent has adopted and implemented written policies and procedures governing the voting of the Funds’ 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 anything in any general meeting.

In general, Telligent would not hold a substantial amount of shares that would materially affect a voting result. But in case Telligent decides to vote, Telligent will vote on a resolution that is reasonably and commercially benefit the company as a whole – for example, voting for or against a merger and acquisition decision. Telligent might also vote in favor of routine corporate matters such as re-approval of the auditor, change of legal entity’s name, and compensation practices or other measures that are in-line with industry norms for allowing companies to attract and retain key employees and directors that reward long-term performance and align the interests of management and shareholders.

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 had 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 Funds' 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.