

# **Telsey Consumer Fund Management LP**

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This Brochure provides information about the qualifications and business practices of Telsey Consumer Fund Management LP (the “Company”). If you have any questions about the contents of this Brochure, please contact us at 212-584-4618 and/or [ANapolitano@telseygroup.com](mailto:ANapolitano@telseygroup.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.

Additional information about Telsey Consumer Fund Management LP is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This is an initial Form ADV Part 2A filing. The Company will provide a summary of any material changes to this and subsequent Brochures within 90 days of the close of its fiscal year. The

Company will also provide other ongoing disclosure information about material changes as necessary.

The Brochure may be requested by contacting Amy Napolitano, CCO, at 212-584-4618 or [ANapolitano@telseygroup.com](mailto:ANapolitano@telseygroup.com).

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## **Item 4 – Advisory Business**

### ***Identifying Information***

The Company was organized in 2015 and is an investment adviser with its principal place of business in New York, NY. The Company commenced operations as an investment adviser on January 15, 2016. It provides advisory services to private pooled investment vehicles, or private funds, and other institutional investors. The Company does not provide services to individuals. For these purposes, a “private fund” is an issuer that would be an “investment company” as defined in the Investment Company Act, but for the exceptions from the definition provided in Sections 3(c)(1) and 3(c)(7) thereof. Each fund managed by the Company is considered a “private fund.”

### ***Ownership Information:***

DLT Holdings LLC and Vincent Sullivan are the owners of the Company.

### ***Business Description:***

The Company offers and provides the following advisory services both on a discretionary and non-discretionary basis to its clients, that include institutions with separately managed accounts and pooled investment vehicles intended for institutional investors. Services also include providing investment supervisory services; managing investment advisory accounts not involving investment supervisory services; furnishing investment advice through consultations not included in either service described above; issuing special reports about securities by subscription; issuing any charts, graphs, formulas, or other devices (not as part of any service described above) which clients may use to evaluate securities.

As of October 15, 2021, the Company has approximately \$27,000,000 client assets under management. As of that date, the Company managed approximately \$27,000,000 on a discretionary basis.

The Company manages private funds (collectively the “Funds”).

The primary investment objective of the Funds is to seek risk-adjusted returns superior to the S&P 500 through a combination of long positions and short positions primarily in equity securities issued primarily by companies within the consumer sector.

The Company coordinates the investment and reinvestment of the assets of the Funds and determines the composition of their assets as described in a Fund’s prospectus.

The Company may also manage separately managed accounts and provide consulting services related to the consumer sector. These engagements are sold to clients on a fixed-fee basis. The Company does not have a wrap fee program.

## **Item 5 – Fees and Compensation**

Fees charged to clients include asset-based management fees and performance fees that may vary for clients.

The Company charges each client account an investment management fee based on the value of the client account's assets under management that range from 1% to 2%. The management fee is calculated as of the first calendar day of each calendar month.

Investment management fees are charged each month 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 month. If a new client account is established during a month or a client makes an addition to its account during a month the investment management fee will be charged as of the effective date of the investment management agreement or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the month.

Performance based fees are paid in arrears. Please see Item 6 below.

Fees for consulting services, one-off research projects and speaking engagements are subject to negotiation. Payment for these services is determined by a fixed fee contract, based on the scope of work, in advance of the project. Any Company speaking engagements are also negotiated as a fixed fee in advance of the engagement. The Company does not have a wrap fee program. In certain cases, clients may also be billed for fees earned by the Company.

Fees are negotiable.

Clients may incur other fees and expenses in connection with the Company's advisory services, such as custodian, administrative and brokerage expenses.

In addition to paying investment management fees and performance-based compensation, client accounts will also be subject to other investment expenses in accordance with the client's investment management agreement or fund governing documents such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees

(including, investment advisory and other fees charged by investment advisers with, or funds in, which the client's account invests) associated with products or services that may be necessary or incidental to such investments or accounts. Client account assets are and may be invested in pooled investment vehicles. In these cases, client accounts will bear their pro rata share of the underlying pooled investment vehicle's operating and other expenses including, in addition to those listed above: sales expenses, legal expenses; internal and external accounting, audit and tax preparation expenses; and organizational expenses. Client accounts will also bear their pro rata share of the investment management fee and other fees of the underlying pooled investment vehicle, which are in addition to any fees or other compensation paid to the Company.

Client account assets are and may be invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund. In addition, client accounts will incur brokerage and other transaction costs. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

The allocation of expenses by the Company between it and any client and among clients represents a conflict of interest for the Company. To address this conflict, the Company has adopted and implemented policies and procedures for the allocation of expenses. The Company allocates expenses to each client in accordance with the client's arrangements with the Company (including applicable client disclosures). The Company seeks to allocate shared expenses for products and services benefitting the Company and the client and not covered in the client's arrangements in a fair and reasonable manner. The Company allocates common client expenses among multiple clients [pro rata based on gross assets under management as of the beginning of each semi-annual period in which the expenses are paid. The Company may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular client or group of clients.

There may be a conflict of interest for clients who elect to trade through Telsey Advisory Group LLC ("TAG"), the Company's broker and dealer affiliate. The Company addresses this potential conflict by not using TAG for the Funds' trading and execution services.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

The Company is also paid performance-based compensation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a client account (such as a client account that is a hedge fund or other pooled investment vehicle). This compensation may be paid to the Company and ranges from 15% to 20%. These fees are paid in arrears.

## **Item 7 – Types of Clients**

The Company provides advisory services to private pooled investment vehicles and institutional investors. The Company does not provide services to individuals.

With respect to any client that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle.

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

The Company manages private Funds.

The Fund's primary investment objective is to seek risk-adjusted returns superior to the S&P 500 through a combination of long positions and short positions primarily in equity securities issued primarily by companies within the consumer sector. Consumer discretionary companies generally include companies in the consumer retailing, textile, and apparel, manufacturing and service industries such as automotive, household durable goods, and leisure equipment industries, hotels, restaurants and other leisure facilities, and media production and services. Consumer staples companies generally include companies that provide direct-to-consumer products that, based on consumer purchasing habits, are typically considered non-discretionary (such as manufacturers and distributors of food, beverages and tobacco, producers of nondurable household goods and personal products, food and drug retailing companies and consumer supercenters).

On a continuous basis the Company coordinates the investment and reinvestment of the assets of the Funds and determines the composition of their assets as described in The Telsey Consumer Fund LP's prospectus.

Private pooled investment vehicles are not be registered as an investment company under the Investment company act of 1940 (the "Investment Company Act"). Consequently, investors will not be afforded the protections of the Investment Company Act. An investment in such a fund involves a high degree of risk.

The Company may also manage separately managed accounts and provide consulting services related to the consumer sector. These engagements are sold to clients on a fixed-fee basis. The Company does not have a wrap fee program.

The Company provides consulting services, one-off research projects and speaking engagements using a variety of sources including corporate financial reports and conference

calls, financial information resources (e.g. Bloomberg), public information, interviews with management, interviews with industry participants (e.g. suppliers), and primary research that includes frequent visits to retailers to assess operations. The Company performs its own analysis and creates reports based on the analysis. To the extent clients use the Company's reports to make their own investment decisions, clients should be aware that investing in securities involves risk of loss that clients should be prepared to bear.

#### **Item 9 – Disciplinary Information**

Neither the Company nor any of its management persons has been involved in legal, regulatory or disciplinary events.

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

As described in Item 5, the Company has an affiliated broker dealer, TAG that provides research as well as investment banking, institutional sales and trading services to clients.

The Company has no other financial industry affiliations. It does not take any proprietary interest in client transactions; it does not take a sales interest in client transactions, and has no investment or brokerage discretion over client accounts.

#### **Item 11 – Code of Ethics**

The Company has adopted a Code of Ethics for all supervised persons of the firm describing its standards of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, reporting requirements for certain gifts and business entertainment, and personal securities trading procedures, among other things. All supervised persons at the Company must acknowledge the terms of the Code of Ethics annually, or as amended.

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Amy Napolitano at 212-584-4618 and/or [ANapolitano@telseygroup.com](mailto:ANapolitano@telseygroup.com).



## **Item 12 – Brokerage Practices**

The Company does not select or recommend broker dealers for client transactions. Furthermore, the Company does not require clients use its affiliated broker dealer, TAG, for client transactions.

## **Item 13 – Review of Accounts**

The Company constantly reviews and, when it determines is necessary, adjusts Funds' investments.

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

The Company receives no compensation or economic benefit from any individual or firm, other than clients, in exchange for providing consulting services, one off research projects or speaking engagements. The Company does not directly or indirectly compensate third parties for client referrals.

## **Item 15 – Custody**

The Company does not maintain custody over client accounts.

## **Item 16 – Investment Discretion**

The Company provides discretionary and non-discretionary services to its clients.

Prior to assuming discretion in managing a client's assets, the Company enters into an investment management agreement or other agreement that sets forth the scope of the Company's discretion.

Unless otherwise instructed or directed by a discretionary client, the Company 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 investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or

sold for the client account. Because of differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. Company may consider the following factors, among others, in allocating securities among clients: (i) a client's investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; (viii) account liquidity, account requirements for liquidity and timing of cash flows; and (ix) amount of trade away fees or other transaction fees. Although it is the Company's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Company to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, the Company does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. The Company may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

The Company has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.