

CATALIO CAPITAL MANAGEMENT, LP

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Form ADV, Part 2A (the “**Brochure**”) provides information about the qualifications and business practices of Catalio Capital Management, LP (“**Catalio**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Olga Maltseva, by email at omaltseva@cataliocapital.com. Additional information about Catalio is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Catalio is registered as an investment adviser with the United States Securities and Exchange Commission (the “**SEC**”) under the Investment Advisers Act of 1940 (the “**Advisers Act**”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2: Material Changes

This Brochure contains information about Catalio. Catalio is required in this section to identify and discuss any material changes made to the previous Brochure filed on June 30, 2021. No material changes have been made to this Brochure and this annual amendment reflects routine updates to this Brochure.

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Item 4: Advisory Business

Catalio Capital Management, LP (hereinafter “**Catalio**”, “**we**”, “**us**”, “**our**” or the “**Firm**” or the “**Investment Manager**”) is organized as a Delaware limited partnership with a principal place of business in New York.

R. Jacob Vogelstein and Georgios Petrocheilos are the principal owners of the Firm and direct the investment activities and operations of the Funds (as defined below).

Catalio serves as an investment manager and provides discretionary investment management services to fourteen (14) privately offered investment funds and vehicles (each such fund or vehicle (including any parallel funds, alternative investment vehicles or special purpose vehicles) is referred to herein as a “**Fund**,” and collectively, the “**Funds**”). Certain of the Funds are structured with a designated general partner that is an affiliate of Catalio (the “**General Partner(s)**”) (the General Partners and any other affiliate of Catalio that provides services to one or more Funds, an “**Advisory Affiliate**”). Each Advisory Affiliate is a related person of Catalio and is not separately registered as an investment adviser. Instead, each Advisory Affiliate relies on Catalio’s registration in accordance with SEC guidance. This Brochure describes the business practices of Catalio and the Advisory Affiliates as a single advisory business and as a result the references herein to Catalio include any relevant Advisory Affiliates unless the context requires otherwise.

In providing services to the Funds, Catalio formulates each Fund’s investment objectives, directs and manages the investment of each Fund’s assets, and provides reports to investors. Investment advice is provided directly to the Funds and not individually to the limited partners, members or investors of the Funds (the “**Investors**”). Catalio manages the assets of the Funds in accordance with the terms of each Fund’s applicable governing documents (the “**Governing Documents**”). All material terms are generally established at the time of the formation of a Fund, but may be amended from time to time in accordance with the terms of the Governing Documents.

Limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). Accordingly, interests in the Funds are offered and sold to investors pursuant to an exemption from registration under the Securities Act and prospective investors must satisfy any applicable eligibility and suitability requirements.

The activities of each Fund are governed by its Governing Documents which specify the investment guidelines and investment restrictions applicable to such Fund. Catalio offers investment advice solely with respect to the investments made by the Funds. Such services generally consist of identifying, diligencing and evaluating investment opportunities, structuring, negotiating, and making investments on behalf of the Funds, managing and monitoring the performance of such investments and each Fund’s broader investment portfolio, and liquidating such investments.

Catalio generally has broad and flexible investment authority with respect to the Funds. Each Fund’s investment objective and strategy is set forth in the respective Fund’s Governing Documents. All Investors are provided with a Fund’s Governing Documents and Investors are urged to carefully review all applicable Governing Documents prior to investing in a Fund.

Catalio tailors its investment advice to each Fund in accordance with the Fund’s investment objectives and strategies as set forth in the relevant Governing Documents and Catalio does not

tailor its advisory services to the individual needs or preferences of any single Investor in a Fund. Catalio's investment decisions and advice are subject to the investment objectives, guidelines and restrictions set forth in the relevant Governing Documents. Since Catalio does not provide individualized advice to Investors (and an investment in a Fund does not, in and of itself, create an advisory relationship between the Investor and the Catalio), Investors must consider whether a particular Fund meets their investment objectives and risk tolerance prior to investing.

On occasion, Catalio will enter into side letter agreements with certain Investors. Side letters are negotiated prior to investment and may establish rights that supplement or alter the terms of the applicable Governing Documents with respect to such Investor. The terms of such side letters grant rights to certain Investors that may not be available to other Investors (including without limitation, advisory committee representation, transparency rights, and confidentiality). Once invested in a Fund, Investors generally cannot impose additional investment guidelines, restrictions or other requirements on such Fund.

We do not currently participate in any Wrap Fee Programs.

As of December 31, 2021, Catalio's regulatory assets under management was approximately \$680,000,000 and all such assets are managed on a discretionary basis.

Item 5: Fees and Compensation

Catalio provides investment advisory services to the Funds and is compensated for these services. Each Fund's Governing Documents set forth in detail the fee structure relevant to each such Fund as well as the expenses to be borne by Investors. All Investors and prospective investors in a Fund should review the Governing Documents of each Fund in which they have invested or intend to invest for complete information on the fees, compensation and expenses applicable to a particular Fund. A brief summary of the Funds' fees, compensation and expenses is provided below.

Management Fee

Catalio is paid an investment management fee ("**Management Fee**") by each Fund as further described in the respective Fund's Governing Documents. Management Fees for the Funds typically range from 1% to 2% (per annum). The Management Fee typically is paid to Catalio quarterly (and pro-rated for any partial periods) and paid directly from the applicable Fund's assets, current income and disposition proceeds received by the Fund and, to the extent necessary, from drawdowns.

Catalio, in its sole discretion, may waive or modify the Management Fee for any Investor. In the past, Catalio has waived the Management Fee for employees, venture partners, strategic partners or investors, advisors and consultants and expects to continue to do so in the future.

Any new Fund launched by Catalio may have materially different terms related to Management Fees than those summarized above.

Fund Expenses

In addition to the Management Fees and any incentive-based compensation (as described in Item 6 below), the Funds pay (or reimburse Catalio for initially bearing) certain fees and expenses as set forth in more detail in each Fund's Governing Documents. The fees and expenses may differ by Fund but typically include each Fund's organizational and ongoing operating costs and expenses. For example, each Fund typically bears all expenses incurred in the diligencing, holding, purchase, sale or exchange of investments (whether or not ultimately consummated), including, but not by way of limitation, private placement fees, finder's fees, interest on borrowed money, real property or personal property taxes on investments, including documentary, recording, stamp and transfer taxes, brokerage fees or commissions (including any merger fees), travel expenses, legal fees, expenses incurred in connection with the investigation, prosecution or defense of any claims by or against such Fund, including claims by or against a governmental authority, audit and accounting fees, legal, accounting and consulting fees relating to investments or proposed investments, taxes applicable to such Fund on account of their operations, fees incurred in connection with the maintenance of bank or custodian accounts including expenses attributable to normal and extraordinary investment banking, commercial banking, appraisal, custodial, transfer and registration services provided to such Fund, fees or government charges which may be assessed against such Fund, all expenses incurred in connection with the registration of the such Fund's securities under applicable securities laws or regulations, as well as costs of all governmental returns, reports and filings, governmental registration, filing and licensing costs and fees relating to such Fund, the applicable Advisory Affiliate and Catalio, and travel expenses incurred in managing and holding Fund Securities. The applicable Fund shall also bear expenses incurred by the applicable Advisory Affiliate in diligencing and evaluating investment

opportunities whether or not consummated (including but not limited to legal, accounting and consulting fees, and travel expenses incurred in connection therewith), managing investments of such Fund, serving as the partnership representative for tax purposes, the reasonable cost of liability and other premiums for insurance protecting such Fund, the applicable Advisory Affiliate, and Catalio and its employees from liability to third parties, all out-of-pocket expenses of preparing and distributing reports to Investors, out-of-pocket expenses associated with Fund communications with Investors, including preparation of annual or other reports to the Investors, out-of-pocket costs associated with Fund meetings or conferences, out-of-pocket costs associated with limited partner advisory committee meetings, all legal and accounting fees relating to such Fund and its activities, fees and expenses relating to outsourced finance, reporting, administration, accounting and back-office services, whether outsourced or provided by Catalio, expenses incurred in connection with research and quotation technology, databases and subscriptions, all costs and expenses arising out of the such Fund's indemnification obligation, and all expenses that are not normal operating expenses.

In general, each Investor will bear its proportionate share of a Fund's expenses *pro rata* based on the size of such Investor's investment in the Fund. Notwithstanding the foregoing, Catalio, may specially allocate a Fund's expenses in any other manner, including by allocating certain expenses to certain (but not all) Investors, if the Firm reasonably determines, in its discretion, that it is more equitable to do so or if certain expenses are incurred that relate to some Investors but not all.

To the extent that expenses borne by a Fund are initially paid by the Firm, that Fund will generally reimburse the Firm for such expenses. We may waive any such reimbursement with respect to any Fund expenses. Any waiver by us for reimbursement of any Fund expenses shall not serve as a waiver of reimbursement for any future Fund expenses to be paid by Catalio.

Catalio generally bears its own overhead expenses, including but not limited to: compensation and expenses of the employees of the Firm, including salaries of such employees, as well as fees and expenses for administrative, clerical and related support services, office space and facilities, utilities and telephone services, furniture, fixtures, equipment, office supplies, and clerical expenses.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any third-party in connection with the offering of each Fund's interests.

The above is a general description and the expenses may vary from Fund to Fund. Investors are strongly encouraged to refer to the applicable Governing Documents.

Offset Fees

Although Catalio generally does not charge portfolio companies any additional fees, it is possible that Catalio, its limited partners, members, officers or employees may periodically receive compensation such as directors, consulting, management service, advisory, consultant, transaction or similar fees from portfolio companies. In the event that Catalio is paid these types of fees by a portfolio company, the treatment of such fees will be determined in accordance with the applicable Fund's Governing Documents and Catalio may consult with an Advisory Committee (as defined below) consisting of representatives of certain Investors in a Fund (if applicable).

Consultants

Catalio may hire third party consultants throughout the Funds' investment processes, including advisors who are former senior executives with operating experience and industry-specific knowledge ("**Consultants**"). Consultants play an important role in how Catalio manages its portfolio, and they may assist with a variety of activities, including market research, new investment identification, pre-investment business diligence and post-investment value creation. Consultants are not employees of Catalio but are third-parties who provide an important source of operating and strategic expertise across a wide spectrum of different fields within our focus sectors. Through Catalio's relationships, Catalio may make its Consultants available to the portfolio companies.

Consultants may be paid a consulting fee by Catalio, which in some cases may be allocated to one or more Funds. Consulting fees may vary depending upon a number of variables, including expertise and time commitment to Catalio. From time to time, Consultants may also co-invest in transactions in which they are involved under the same terms and conditions as the applicable Fund. As a Consultant becomes more ingrained with a portfolio company, he or she may take on a more active role, including, for example, taking a board seat and providing additional services directly to the portfolio company. In either case, a Consultant may receive direct compensation from a portfolio company under terms agreed to by the portfolio company and the Consultant. Any such compensation will not offset the management fee received by Catalio.

Item 6: Performance-Based Fees and Side-By-Side Management

Carried Interest or Incentive Allocation

Catalio is also entitled to performance-based compensation with respect to the Funds in the form of a carried interest or an incentive allocation and as further described in each applicable Fund's Governing Documents. Generally, carried interest or incentive allocation percentages for the Funds range from 10% to 20% of the investment profits of the Funds.

Although performance-based compensation is a method of compensation that is generally used to align the General Partners' interests with those of its Investors, it may also create an incentive for Catalio and/or a General Partner to make investments on behalf of the Funds that are more speculative than would be the case in the absence of such compensation. In addition, performance-based compensation may incentivize Catalio to make different decisions regarding the timing and manner of the realization of certain investments than would be the case if such compensation were not part of its overall compensation structure. Catalio seeks to address these conflicts through careful vetting of investment opportunities by its investment professionals. In addition, in many instances the Governing Documents of a Fund may provide for after-tax "claw back" arrangements if the performance-based compensation results in an over distribution of the agreed upon amount of performance-based compensation.

Detailed information regarding the performance-based compensation to be borne by the Investors in each Fund is contained in the relevant Fund's Governing Documents. Investors should not consider an investment in a Fund without fully understanding the Fund's compensation structure.

Differences in performance-based compensation, particularly if some Funds would bear higher performance-based compensation, creates an incentive for Catalio to direct the best investment ideas to, or allocation investments in favor of, the account that bears the higher performance-based compensation. As a result, Catalio has adopted an investment allocation

policy that seeks to allocate investments with respect to each Fund in a manner that Catalio considers fair and equitable while taking into account any relevant facts and/or circumstances it believes are appropriate in its discretion.

Side-By-Side Management

Conflicts

Catalio actively manages various Funds and expects to sponsor or manage additional Funds in the future. Each of the Funds will be managed in accordance with its investment program which may be the same, similar or different from strategies employed by other Funds.

In certain situations, Catalio may choose to cause a Fund to not make an investment otherwise appropriate for it, in order to avoid an apparent or actual conflict of interest relating to another Fund's investment in a different security of the same issuer. In other instances, Catalio expects that one or more Funds will invest in different instruments or classes of securities of the same issuer. If so, given that the Funds have different investment objectives, it may be appropriate for Catalio to pursue or enforce rights with respect to a particular issuer in which one Fund has invested even if those activities may have an adverse effect on a different Fund's investment in the same issuer. For example, if one Fund owns debt of an issuer and another Fund owns equity securities of the same issuer, then if the issuer experiences financial or operational challenges, the Fund that owns the debt, may seek a liquidation of the issuer, whereas the Fund that owns the equity securities, may prefer a reorganization of the issuer.

Similarly, where an issuer experiences financial or operational difficulties, if one Fund holds subordinated and unsecured debt, and another Fund holds senior secured debt instruments in the same issuer, an attempt by Catalio to enforce the rights of secured creditors against the issuer may benefit one Fund's investment while substantially reducing the value of another Fund's investment. In addition, if a Fund holds voting securities (for example, equity) of an issuer in which another Fund holds non-voting securities of the same issuer, Catalio, acting on behalf of one Fund may vote on certain matters that have an adverse effect on the investments of a Fund that does not have voting rights (*e.g.*, regarding whether to waive certain covenants or make certain amendments).

If Funds are invested in different levels of one issuer's capital structure, additional conflicts may arise over time, particularly if the issuer experiences financial difficulties. Catalio may take certain actions in an effort to reduce the potential for conflict or adversity between or among the Funds. This may cause one or more Funds to take certain actions that, in the absence of a conflict, would not otherwise be taken. For example, Catalio may choose to: (i) remain passive in negotiations with an issuer regarding modification of a security held by a Fund or in a restructuring or similar situation (including electing not to vote or voting *pro rata* with other security holders); (ii) invest in the same or similar classes of securities as another Fund in order to align their interests; (iii) divest investments in whole or in part; or (iv) appoint an unaffiliated third-party or LP Advisory Committee to assist in resolving such conflict. Any of these steps could have the effect of benefiting Catalio and one or more Funds but also might not be in the best interests of, or may be adverse to, other Funds.

There can be no assurance that Catalio will identify or resolve all conflicts of interest in a manner that is favorable to all its clients. For example, a conflict may be resolved by Catalio after considering the overall impact on Catalio's clients as a whole, even though such resolution may result in economic harm to a subset of Catalio's clients.

Co-Investments

Catalio has offered co-investment opportunities (directly and indirectly) to Investors, its employees, venture partners, key persons as well as third parties pursuant to and consistent with the terms of applicable Governing Documents. As a general matter, Catalio analyzes each co-investment opportunity and offers each such opportunity to such persons and pursuant to such terms that Catalio determines to be appropriate in its sole discretion subject to any applicable Governing Documents. There is no guarantee that an Investor will be offered one or more co-investment opportunities.

Item 7: Types of Clients

Our clients are the Funds, as described in Item 4 above, and the Funds are generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors.

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

The descriptions set forth in this Brochure of specific advisory services that we provide to the Funds, and any related investment strategies pursued and investments made by us in connection with the services that we provide to the Funds, should not be understood to limit in any way our investment activities for the Funds or any new Funds or other investment products that are launched in the future. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Fund's investment objectives and guidelines as set forth in the Governing Documents. The investment strategies we pursue are speculative and entail substantial risks. Investors should be prepared to bear all or a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved.

Investment Objective

Catalio generally focuses on investments for the Funds in biomedical technology companies primarily concentrated in the following target markets: drugs, devices, diagnostics and data-derived insights. The Firm intends to invest in companies that aim to commercialize innovative biomedical technologies such as medical robotics, engineered tissues, and molecular diagnostics, as well as traditional "biotech" and "medtech" products such as drug therapies and implantable devices. Catalio pursues investments on behalf of the Funds at the seed stage, early stage, late stage, and in publicly traded companies; from time to time, one of the Funds will issue debt.

Analysis of Potential Investments

Catalio takes into consideration a variety of factors when evaluating a potential investment. For example, Catalio typically reviews the strength of applicable scientific data and insights; the existence of intellectual property; novel science, including therapies, drugs and devices with novel mechanisms of action, novel diagnostics tools, etc.; strong leadership and management; and, preferentially, as a part of a strong investment syndicate that includes one or more additional top-tier funds.

Risk of Loss Factors

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds. These risk factors are intended to summarize and highlight certain specific risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by Catalio. Each prospective investor should carefully review a Fund's Governing Documents before deciding to invest in a Fund.

Potential investors should be aware that an investment in the Funds involves a significant degree of risk. There can be no assurance that investment objectives will be achieved, or that an Investor will receive a return of his, her or its capital.

Please note that all references to "the Fund" in this Section and below may refer to one or more Funds. The following risk factors are some of the risks associated with an investment in the Funds:

Certain Venture Capital Funds Risk Factors

General. Venture capital investing involves a high degree of business and financial risk that can result in substantial losses. In order for the Funds to succeed, they must be able to accurately identify potentially successful business enterprises, a process which is difficult even for those with extensive experience in the venture capital field. The Funds may invest in securities that may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss.

An investment in the Funds is highly speculative, involves a high degree of risk and could result in the loss of part or all of an Investor's capital contribution. Therefore, Investors should not subscribe for interests in a Fund unless they can bear such a loss. Moreover, there can be no assurance that the Funds' investment objectives will be achieved and investment results may vary materially from one reporting period to the next. Consequently, an investment in the Funds is suitable only for sophisticated investors with other substantial assets who are capable of making an informed independent decision as to the risks involved in an investment in the Funds.

Nature of Investments. The portfolio companies in which the Funds will invest are likely to face intense competition, including competition from companies with greater financial resources, more extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular portfolio company will be successful or that its business will be profitable.

Many of the Funds' portfolio companies may be unseasoned, unprofitable and/or have no established operating history or earnings. These companies may also lack technical, marketing, financial and other resources or may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the portfolio company management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

The Funds expect to invest in companies at early and expansion stages of development, including the start-up stage. Particularly in early stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated.

Following its initial investment in portfolio companies, the Funds anticipate that portfolio companies may require additional funding, and that the Funds may have the opportunity to increase their investments in successful portfolio companies. There can be no assurance that the Funds will make, or will have the resources to make, follow-on investments. Any decision by the Funds not to make follow on investments, or its inability to make them, may have a substantial adverse effect on a portfolio company in need of such an investment, may result in a missed opportunity for the Funds to increase participation in a successful enterprise, may result in significant dilution of any existing portfolio company investment, or may cause a decrease in the value of each Fund's portfolio.

Investment in Junior Securities. The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, the only collateral that is expected to be available to protect an investment once made is a portfolio company's intellectual property.

Long Term Investment. An investment in the Funds is a long-term investment. The inherent nature of venture capital investing dictates a significant length of time between the initial investment and realization of gains, if any. Investors must be able to bear the economic risks of an investment in the Funds for an indefinite period of time.

Investments Longer Than Term. The Funds may invest in investments which may not be advantageously disposed of prior to the date that the Funds will be dissolved, either by expiration of each Fund's term or otherwise. Although Catalio expects that investments will be either disposed of prior to dissolution or suitable for in-kind distribution at dissolution, the Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Lack of Diversification. The Funds intend to participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Funds may be materially and adversely affected by the unfavorable performance of even a single portfolio investment. In addition, while it is the intention of Catalio not to invest more than a certain percentage of each Fund's committed capital in any one portfolio company, there is no assurance that sufficient diversification of investments can be properly achieved.

Investments in Early-Stage Companies. There can be no assurance that the Funds' strategy in focusing on investments in such companies will result in success. The Funds have not adopted policies requiring that portfolio companies be diversified in different geographic areas. If several investments are concentrated in one geographic area, the Funds could be severely impacted by adverse developments affecting that geographic area.

Reliance Upon Portfolio Company Management. Although Catalio will generally seek to secure representation on the board of directors of portfolio companies and hopes to develop a good working relationship with the management of such companies, the Funds are not expected to have an active role in the day-to-day management of the companies in which they invest. To the extent that the senior management of a portfolio company performs poorly, or if

a key manager terminates employment, a Fund's investment in such company could be adversely affected.

Projections. Projected operating results of a portfolio company in which a Fund invests normally will be based primarily on financial projections prepared by each portfolio company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Lack of Control. The Funds generally will seek to structure investments so that they will have some level of control over portfolio companies, at least as to major corporate decisions. However, the Funds may have limited ability to protect its position and investment. Generally, as a condition to any investment, the Funds will seek to obtain special rights and protective provisions, which will be negotiated at the time of the investment. There can be no assurance that the Funds will be able to obtain such protective provisions, or that if such provisions are obtained, that they will be effective.

No Assurance of Profitability. No assurance can be given as to the Funds' ability to choose, make and realize any particular investment. There can be no assurance that the Funds will be able to generate returns for their respective Investors or that the returns will be commensurate with the risks of investing in the type of investments and transactions described herein. Investments made by each Fund are subject to a wide range of risks, including the impact of terrorist acts or threats thereof, economic trends and other externalities beyond the control of the Fund or Catalio, which could cause such investments to lose value. There can be no assurance that any Investor will receive any distribution from the Funds. Accordingly, an investment in the Funds should only be considered by persons that can afford a loss of their entire investment.

Future and Past Performance. Catalio's prior performance is not necessarily indicative of Catalio future results. While Catalio intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that targeted results will be achieved. Loss of capital is possible on any given investment.

Illiquid Fund Investments. All of the portfolio companies in which some of the Funds expect to make investments will initially be privately held. As a result, there will be no readily available secondary market for each Fund's interests in such portfolio companies, and those interests will be subject to legal restrictions on transfer. Therefore, there is no assurance that the Funds will be able to realize liquidity for such investments in a timely manner, if at all. Unless a portfolio company subsequently succeeds in obtaining approval from the relevant authorities to list its shares on a recognized exchange, this avenue to liquidity will not be available to the Funds, which must then rely on other means to achieve liquidity. In addition, the Funds may be precluded from selling their shares in a public portfolio company for some time after such portfolio company's initial public offering, if any. As a result, the values ascribed by Catalio to each Fund's investments in private companies or otherwise illiquid investments may differ substantially from the values that will ultimately be realized by the Funds.

Restrictions on the Sale or Distribution of Portfolio Company Securities. The Funds may be prohibited by lock up agreements or insider trading restrictions from distributing or selling

portfolio company securities for a period of time, during which the price of a portfolio company's securities could decline. In addition, the Advisory Affiliate serving a Fund's general partner or managing member may, in its sole discretion, withhold distribution of securities beyond the lock up period.

Distributions in Kind. Catalio may distribute certain of the Funds' investments in securities or other non-cash property. Any such distribution could put downward pressure on the price of a portfolio company's securities and could reduce each Fund's influence in the portfolio company's affairs. Further, distributions in kind, particularly on dissolution of the Funds, may result in the receipt by Investors of highly illiquid unregistered securities. An Investor that receives assets other than cash from a Fund may incur substantial costs and delays in converting those assets to cash.

Liability of Investors. Catalio may require each Investor to return distributions made to such Investor for the purpose of meeting such Investor's pro rata share of Fund indemnification and other obligations.

Competition for Investments. The business of identifying and structuring investments of the types contemplated by the Funds is competitive and involves a high degree of uncertainty. The Funds expect to encounter intense competition from other investment funds and strategic investors having investment objectives similar to that of the Funds. Historically, the primary competition for venture capital investments has been from venture capital funds and corporations, venture capital affiliates of large industrial companies, wealthy individuals and foreign investors. Additional competition is anticipated from industrial and financial companies investing directly, rather than through investment funds. There is no assurance that the Funds will succeed in finding investments on similar or favorable terms in comparison to their competitors.

Difficulty of Locating Suitable Investments. The Funds may be unable to find a sufficient number of attractive investment opportunities to meet their investment objectives and therefore there is no assurance that the Funds will succeed in sourcing investment opportunities that meet the Funds' investment criteria and, even if successful, that those selected investments will produce competitive returns. Although Catalio will attempt to make investments on behalf of the Funds which meet the criteria set forth in their respective Governing Documents, there is no assurance that such investments can be located. Market and other conditions may require the Funds to make investments that offer a lower rate of return or involve a higher degree of risk than described herein. An Investor must rely on the ability of Catalio and managers and partners to identify, structure and implement investments consistent with a Fund's objectives and policies. Investors will not have the opportunity to evaluate the business, financial and other information which will be used by Catalio and its managers and partners in their analysis, selection and monitoring of portfolio company investments for the Funds.

Expedited Transactions. Investment analyses and decisions by Catalio may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to a Fund at the time of making an investment decision may be limited, and the Fund may not have access to detailed information regarding the investment. Therefore, no assurance can be given that Catalio will have knowledge of all circumstances that may adversely affect an investment.

Risks of Certain Dispositions of Assets. In connection with the disposition of an investment in a portfolio company, the Funds may be required to make representations about the business

and financial affairs of the portfolio company typical of those made in connection with the sale of any business. They may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities that are obligations of one or more Funds (and any such obligations would ultimately be borne by the Investors in the Funds, including the Investors' invested capital and in certain instances could include the Investors' unfunded capital commitments as well as previous distributions made by the Funds).

Importance of Key Management. The success of a Fund will depend on the ability of Catalio to identify opportunities, to negotiate and arrange the closing of transactions, to stimulate good performance by portfolio companies and to arrange timely disposition of securities at a profit. There can be no assurance that Catalio will generate an adequate stream of investment opportunities. Additionally, the success of the Funds will depend on the continued employment by the Funds of the managers of Catalio.

Control by Advisory Affiliates. Investors will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of an Advisory Affiliate. In addition, investors will have no ability to remove the applicable Advisory Affiliate. In order to safeguard their limited liability for the liabilities and obligations of the Funds, investors must rely entirely on the Advisory Affiliates and Catalio to conduct and manage the affairs of the Funds.

Conflicts of Interest. The Funds may invest in companies in which a conflict of interest, or an apparent conflict of interest, exists or may exist. For example, members of Catalio may receive directors' fees or similar compensation from portfolio companies of the Funds. While such fees may trigger a management fee offset under the Governing Documents, there is no assurance that the Funds will economically benefit from any particular portfolio company fees received by Catalio or its members and partners. Moreover, a management fee offset generally will not apply in respect of fees received by any person whose relationship with Catalio is that of a "venture partner," "operating partner," "entrepreneur in residence," "executive in residence," "consultant" or "adviser" and any founder shares received in connection with incubation and founding activities undertaken by any such person. The Governing Documents may contain certain protections for Investors against conflicts of interest faced by Catalio and its managers and partners, but does not purport to address all types of conflicts that may arise. Under certain circumstances, the Funds may invest in companies in which an advisor of Catalio, who may also be a member of, and receive an interest in the carried interest of, Catalio, has a pre-existing interest. Provisions contained within the Governing Documents that authorize such actions may override common law and statutory fiduciary duties that may apply in the absence of such provisions. Moreover, as a practical matter, it may be difficult for Investors to subject the behavior of advisors, Catalio, and/or their respective members, employees and affiliates to close scrutiny. Additionally, the managers and partners of Catalio will not be required to manage Catalio or the Funds as their sole and exclusive function, and are entitled to have other business interests and may engage in other business activities in addition to those relating to the Funds. Catalio or its managers and partners may also form and devote their time to other investment partnerships with activities similar to those of the Funds, including prior vehicles managed Catalio and future funds organized in accordance with the Governing Documents. Catalio and its managers and partners may also have conflicts of interest in allocating time, services and functions among the Funds and other business ventures. Conflicts may arise in the allocation of investment opportunities and the Catalio managers' and partners' time among the Funds, on the one hand, and existing investments managed by such managers and partners as well as future

funds organized in accordance with the Governing Documents and other business activities, on the other hand. Catalio and its managers and partners are not required to refrain from such management activities or to disgorge profits from such activities. By acquiring an interest in a Fund, each Investor will be deemed to have acknowledged the existence of such actual and potential conflicts of interest.

Absence of Effective Remedies Against Catalio. There can be no assurance that adequate remedies will be available to any Investor if Catalio fails to perform its duties. The Governing Documents do not afford the Investors rights to remove Catalio. The Governing Documents include provisions for exculpation and indemnification of Catalio and its respective partners, members, managers, officers, directors, shareholders, employees and affiliates.

Advisory Committee. Under the Governing Documents, certain transactions that involve conflicts of interest (that are not otherwise addressed under the Governing Documents) may be submitted to the advisory committee ("**Advisory Committee**") of each Fund. The Advisory Committee will not necessarily represent the interests of the Investors, and the members of the Advisory Committee may themselves be subject to various conflicts of interest (including as investors in other entities advised or managed by Catalio). In general, the Investors will not be entitled to control the selection of Advisory Committee members or to review the actions or deliberations of the Advisory Committee. In addition, Advisory Committee members have no fiduciary obligations to the Fund or its Investors other than to act in good faith and, therefore, Advisory Committee members may take into consideration their own interests in a particular matter and are not required to take into consideration the interests of the Fund or any of the Investors.

Establishment of Additional Funds. Subject to the terms of the Governing Documents, Catalio and its managers, partners and principals may organize new investment funds similar to the existing Funds, after certain benchmarks have been achieved and upon the occurrence of certain other events. Any such new fund may be interested in the same investment opportunities as existing Funds. There is no assurance that Investors in current Funds will be offered the opportunity to participate in any subsequent funds.

Penalty for Failure to Make Capital Contributions. Failure of an Investor to meet a capital call could have materially adverse consequences, including, without limitation, forfeiture of all or a portion of the interest of the defaulting Investor or forced sale of the defaulting Investor's interest.

Profits Interest. The capital contribution of the applicable Advisory Affiliate will represent a smaller percentage of the Fund's capital than the capital contributions of the Investors as a whole. Investors will invest greater amounts and receive a proportionately smaller interest in the profits of the Fund than the applicable Advisory Affiliate. Because the percentage of profits allocated to the applicable Advisory Affiliate will exceed the capital percentage of the applicable Advisory Affiliate, Catalio may have an incentive to make investments that are riskier or more speculative than if the applicable Advisory Affiliate received allocations on a basis identical to that of the Investors or were compensated on a basis not tied to the performance of the Fund.

Restrictions on Transfer and Withdrawal. There is no market for interests in the Funds and none is expected to develop. In addition, the Fund interests may not be transferable, and typically require the consent of an Advisory Affiliate (which may be withheld for any reason or as otherwise set forth in the relevant Governing Documents). Certain of the Funds do not

allow Investors to withdraw capital or to redeem an investment. Consequently, Investors may not be able to liquidate their investments prior to the end of the Fund's term. In addition, the Funds have not been registered under the Securities Act or any other applicable securities laws, and such laws will further restrict an Investor's ability to transfer its interest in the Funds.

Service on the Board of Directors. One or more of the managers, partners, employees or other persons affiliated with Catalio may serve as directors of certain Fund portfolio companies. Such service, especially in light of new statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose such Fund or Catalio and its partners and affiliates to regulatory action and/or claims by a portfolio company, its security holders and its creditors. While Catalio intends to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims or adverse regulatory actions cannot be eliminated, and such events may have a significant adverse effect on the Funds.

In their capacity as directors of portfolio companies, such persons affiliated with Catalio will be subject to fiduciary and other duties to the portfolio company on whose board they serve, which duties may on occasion conflict with the best interests of the Funds. For example, a Fund's ability to sell the publicly traded securities of a portfolio company may be limited if any such persons are in possession of material non-public information relating to such portfolio company.

Certain Litigation Risks. The Funds will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of the Funds. Legal disputes, involving any or all of the Funds, Catalio, its partners or its affiliates, may arise from the foregoing activities (or any other activities relating to the operation of the Funds or Catalio) and could have a significant adverse effect on the Funds.

Investment Company Act Considerations. The Funds will not be registered under the Investment Company Act. Therefore, Investors in the Funds will not be afforded the protection provided by the Investment Company Act and the extensive regulations thereunder.

Certain Credit Fund Risk Factors

Loan Investments. The value of a Fund's investment in loans may be detrimentally affected to the extent a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan. Catalio may attempt to minimize this risk by maintaining low loan-to-liquidation values with each loan and the collateral underlying the loan. However, there can be no assurance that the value assigned to collateral underlying a Fund's loan can be realized upon liquidation, nor can there be any assurance that collateral will retain its value over time. In addition, certain loans may be supported, in whole or in part, by personal guarantees made by the borrower or a relative, or guarantees made by a corporation affiliated with the borrower. The amount realizable with respect to a loan may be detrimentally affected if a guarantor fails to meet its obligations under a guarantee. Moreover, the value of collateral supporting loans may fluctuate. In addition, active lending/origination by a Fund may subject it to additional regulation, as well as possible adverse tax consequences to the Fund or its investors. Finally, there may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of and subsequently liquidating various types of collateral.

Loan Participations and Assignments. A Fund may invest in loans acquired through assignment or participations. In purchasing participations, a Fund will usually have a contractual relationship only with the selling institution, and not the borrower. If so, the Fund generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will it have the right to object to certain changes to the loan agreement agreed to by the selling institution. A Fund may not directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution.

In addition, in the event of the insolvency of the selling institution, depending on applicable law, the Fund may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the secured loan. Consequently, a Fund with such an investment may be subject to the credit risk of the selling institution as well as the credit risk of the borrower. Certain loans or loan participations may be governed by the laws of a jurisdiction other than the United States which may present additional risks with regard to the treatment of such investments in the event of the insolvency of the selling institution or the borrower. There are different sources of statistical default rate data for term bank debts and numerous methods for measuring default rates. The historical performance of the term debt market is not necessarily indicative of its future performance. If increases in default rates occur with respect to the type of collateral securing the bank loans in which a Fund may invest, the actual default rates of such bank loans may exceed the hypothetical default rates used when initiating an investment in such bank debt.

Convertible Securities. One or more of the Funds may invest in convertible securities, securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of fixed-rate convertible securities tends to decline as interest rates increase and conversely, increase as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates. Further, convertible securities may involve certain risks which are not present with respect to a standard purchase of common stock. Convertible securities may contain restrictions on the number of securities that may be converted at any one time or restrictions on the investor's ability to hedge such securities. The risks may include, but are not limited to, the risk that the issuer may pay dividends without any compensation being paid to the holders of the issuer's convertible securities and uncertainty regarding the treatment of convertible securities in the event the issuer is acquired or merged with another entity (*i.e.*, whether the conversion rights will be protected and ongoing for the new legal entity).

Creditor Risks. An investment in debt is generally subject to various creditor risks, including, but not limited to, the possible invalidation of a loan as a "fraudulent conveyance" under applicable law, so called lender liability claims by the issuer of the obligations, and environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any underlying property, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership or distressed exchange, can significantly diminish the value of an investment in any such property.

Reliance on Servicers. The quality of servicing employed in respect of a Fund's portfolio in debt securities, which will include collection of payments, monitoring of property financial condition and loan compliance, and, following a default, modifying underlying loans, foreclosing on the underlying collateral and selling foreclosed properties and/or defaulted loans, can materially affect the returns due on such Fund's portfolio. In addition, a servicer is required to comply with various laws, including in certain cases, requirements to be licensed in various jurisdictions. The failure of such servicer to perform its servicing obligations, or to maintain any necessary licenses or meet various requirements relating to such licenses, will have a material adverse effect upon the amount and timing of collections with respect to a Fund's loans. In the future, although it is possible that an affiliate of Catalio will act as a servicer for some of the loans held by a Fund, such Fund will need to rely on third parties to service the loans of the portfolio in the meantime (and may still need to rely on third parties to service some of the loans in the future).

Participation on Creditors' Committees May Expose a Fund to Other Sources of Liability. A Fund may participate on committees formed by creditors to negotiate the management of financially troubled borrowers that may or may not be in bankruptcy or may seek to negotiate directly with the debtors with respect to restructuring issues. If a Fund does join a creditors' committee, the participants of the committee would be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to a Fund in any such proceedings. By participating on such committees, a Fund may be deemed to have duties to other creditors represented by such committees, which might expose any such Fund to liability to such other creditors who disagree with the Fund's actions.

Lender Liability Considerations; Equitable Subordination. A number of judicial decisions in the United States have upheld the right of borrowers to sue lenders on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to a borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Loans originated by a Fund will be limited in certain respects by anti-deficiency and "one form of action" laws that can, in certain circumstances, reduce or eliminate a lender's right to collect a deficiency judgment if the lender's collateral is insufficient to repay a loan.

In addition, in certain circumstances, if a lender: (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination."

Certain Hedge Fund Risk Factors

Incentive Allocation. The entitlement of the Advisory Affiliate to an incentive allocation may encourage such Advisory Affiliate to make riskier or more speculative investments on behalf of the Funds than would otherwise be the case. In addition, the Advisory Affiliate is entitled to an incentive allocation on unrealized gains that may never be realized and is not required to return an incentive allocation paid for any period if, in a subsequent period, the Funds suffer a

net loss.

Limited Liquidity And Restrictions On Withdrawals. An investment in the Funds is relatively illiquid and is not suitable for any investor that requires liquidity. There is no public market for interests in the Funds. In addition, rights to withdraw funds from a Fund are subject to several limitations. An Investor may withdraw funds only at the end of each calendar quarter only after having been a member or limited partner for a certain lock-up period and providing 60 days written notice. The Advisory Affiliate has discretion to deliver amounts withdrawn in securities rather than cash. If securities are delivered, they may be thinly traded or otherwise relatively illiquid. Such conditions may create difficulty for an Investor attempting to liquidate an investment in a Fund quickly.

Effect Of Substantial Withdrawals. Substantial withdrawals by Investors within a short period of time could require the Funds to liquidate securities positions more rapidly than would otherwise be desirable. The withdrawal by Investors of a significant amount of the Funds' capital could adversely affect the Funds if they are required to sell securities or liquidate positions at a loss. Moreover, the efforts of the Funds in liquidating large positions could depress the market in which the securities are traded, further exposing the Funds to losses. Such withdrawals may also disrupt the Advisory Affiliate's investment strategy and limit the Funds' ability to take advantage of particular investment opportunities.

Potential Mandatory Withdrawals. The Advisory Affiliate may, in its sole discretion at any time, require an Investor to withdraw a portion or all of such Investor's capital account on five days' notice. Such mandatory withdrawal could result in adverse consequences to Investor.

Investment Opportunities. In connection with the Funds' investment strategies, the Advisory Affiliate may offer the right to participate in investment opportunities of the Funds to other private investors, groups, partnerships or corporations (from which the Advisory Affiliate and any of its affiliates may receive compensation) whenever the Advisory Affiliate, in its discretion, so determines, including, without limitation, subsequent funds managed by the Firm's principals and/or the Advisory Affiliate. If it is determined that it would be appropriate for one or more Funds and one or more other investment partnerships to participate in an investment opportunity, the Advisory Affiliate may seek to establish positions for all participating investment partnerships, including the Funds, in a manner and in proportions which the Advisory Affiliate believes is in the best interest of the Funds. An investment or execution order for public securities may be aggregated (or combined) for all participating Funds and investors, and if any such order is not filled at the same price, it may be allocated among the Funds on an average-price basis. Similarly, if an order for a public security on behalf of more than one Fund cannot be fully executed under prevailing market conditions, securities may be allocated among the participating Funds on whatever basis the Advisory Affiliate or its affiliates consider equitable or appropriate in light of the investment objectives of such Funds. Additionally, an Investor should understand that the Advisory Affiliate, for itself, its managers, members, officers, directors, shareholders, customers and affiliates, may invest in any securities in which Funds hold an investment or may in the future make an investment.

Item 9: Disciplinary Information

As a registered investment manager, Catalio is required to disclose all material facts regarding any legal or disciplinary events that would be material to an Investor's (or prospective investor's) evaluation of Catalio. Neither Catalio nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

Item 10: Other Financial Industry Activities and Affiliations

Neither we nor our management persons are registered as broker-dealers, and we do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

As mentioned in Item 4 above, the Advisory Affiliates (including the General Partners) are related persons of Catalio and serve as general partners, or provide other services, to the Funds. In connection with these services, the Advisory Affiliates typically maintain investments in the Fund. While Catalio and the Advisory Affiliates have been organized as separate legal entities, they collectively conduct a single investment advisory business. Accordingly, each Advisory Affiliate will rely on Catalio's investment adviser registration instead of separately registering as an investment adviser with the SEC under the Advisers Act. In order for each Advisory Affiliate to rely on Catalio's SEC registration: (i) such Advisory Affiliate, its employees and any persons acting on behalf of the Advisory Affiliate are considered "persons associated with" and "supervised persons" (as each term is defined in the Advisers Act) of Catalio, (ii) any investment advisory services provided by an Advisory Affiliate, its employees and any person acting on its behalf are subject to Catalio's supervision, control, policies and procedures, (iii) any related investment advisory services or functions provided will be subject to the requirements of the Advisers Act and the rules and regulations thereunder, and (iv) the activities and books and records of the Advisory Affiliate will be subject to inspection and examination by the SEC. As a result, each Advisory Affiliate is subject to Catalio's compliance policies and procedures and, except as the context otherwise requires, any reference in this Brochure to Catalio includes Catalio and the Advisory Affiliates.

As described in Item 6 above, certain of the Advisory Affiliates are entitled to receive performance-based compensation as well as distributions in connection with such compensation from the Funds. In certain circumstances, performance-based compensation may create an actual (or apparent) conflict of interest, as described in more detail in Item 6 above.

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

Code of Ethics

Pursuant to Rule 204A-1 of the Advisers Act, Catalio has adopted a written Code of Ethics (the "**Code of Ethics**") predicated on the principle that Catalio owes a fiduciary duty to the Funds and their Investors. The Code of Ethics establishes the high standard of conduct that we expect of all officers, members, partners or employees (the "**Employees**"). Certain provisions of the Code of Ethics also apply to each Employee's spouse, minor children and other family members living in his or her household (the "**Related Persons**"), as well as each other individual designated in writing by the CCO as being subject to all or a portion of the compliance policies and procedures adopted by Catalio (all such designated persons and Employees collectively, the "**Access Persons**") including the Firm's policy with regard to personal trading of securities. All Access Persons are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Access Persons also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following principles:

- Access Persons must at all times endeavor to place the interests of the Funds and Investors first;
- Access Persons must ensure that all personal securities transactions are conducted consistent with the Code of Ethics (as described below); and
- Access Persons should not take inappropriate advantage of their employment, relationship or position at Catalio for personal gain or at the expense of the Funds.

The Code of Ethics places restrictions on personal securities transactions by Access Persons and requires them to disclose their personal securities holdings and transactions to the Firm on a periodic basis. The Code of Ethics permits personal securities accounts, but requires pre-approval for certain types of transactions.

Access Persons are also prohibited from personally, or on behalf of a Fund, purchasing or selling securities that appear on the Firm's Restricted List. In addition, each Access Person must obtain pre-approval from the CCO before: (i) engaging in certain outside business activities; or (ii) investing in a private company or an unaffiliated private investment fund.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request.

As explained in Item 10 above, the Advisory Affiliates, which are owned in part by the principals and are related persons of Catalio, serve as the general partners and may provide other services to the Funds. These Advisory Affiliates as well as any Access Persons may invest or commit capital to the Funds, and as a result, an investment made by such Funds causes certain Advisory Affiliates and Access Persons to acquire an indirect interest in such investments.

Moreover, to the extent that one or more Advisory Affiliates and/or Access Persons invest in the Funds, such Advisory Affiliates and Access Persons have financial interests in the Funds and such interests could create a potential, apparent, or actual conflict of interest in that it could cause Catalio to make different investment decisions than it would have made if such parties did not have investments in the Funds. On the contrary, Catalio believes that these types of investments help to align Catalio's and the Advisory Affiliates' incentives with those of the Investors.

In addition, Catalio has formed and expects to form in the future certain special purpose vehicles. In some instances, Catalio will do so in connection with a co-investment opportunity and certain Advisory Affiliates or Access Persons will have an investment interest in such special purpose vehicles. As noted in Item 6 above, co-investment opportunities may not be offered to all Investors.

As described in Item 5 and Item 6, Catalio and the Advisory Affiliates receive management fees and performance-based compensation from the Funds. The management fees are payable without regard to the overall success or income earned by the Funds and therefore may create an incentive on the part of Catalio to raise or otherwise increase capital commitments to a higher level than would be the case if Catalio were receiving a lower or no management fee. Performance-based profit distributions may create an incentive for Catalio or the Advisory Affiliates to make investments that are riskier or more speculative than in the absence of such performance-based profit distributions.

In addition to the foregoing, Catalio seeks to address the above conflicts through regular monitoring of the Funds' portfolios for consistency with objectives, strategies, and target

capacity. Further, Catalio carefully considers the risks involved in any investments and Catalio provides extensive disclosure to Investors regarding the potential risks that come with an investment with Catalio. As stated above, the Code provides guidelines for identifying and addressing conflicts of interest and requires Access Persons to place the interests of the Funds above their own or those of Catalio, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

In addition, certain Funds have an Advisory Committee consisting of representatives of certain Investors in the respective Fund. The Advisory Committees typically advise and counsel Catalio and the Advisory Affiliates on issues relating to conflicts of interest and matters specifically set forth in Governing Documents. For example, Catalio might consult with the Advisory Committee of a Fund if a significant or material conflict of interest arises with respect to such Fund.

Item 12: Brokerage Practices

Catalio is authorized to determine the broker-dealers to be used for executing securities transaction for the relevant Funds. In selecting broker-dealers to execute transactions, we evaluate several factors (as described below) and we are not required to limit our execution to broker-dealers with the lowest available commission cost (and we are not obligated to solicit competitive bids). We also have the authority to select and appoint custodians of the assets of the Funds. The Firm's authority and general practice in these respects will be consistent with our internal policies and procedures and each Fund's Governing Documents and investment guidelines.

Best Execution

In selecting an appropriate broker-dealer to execute a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Soft Dollars

The Firm does not currently utilize "**Soft Dollars**." However, to the extent the Firm decides to utilize Soft Dollars, the Firm will ensure that any Soft Dollar credits generated by a Fund's trading activities, would be used to purchase brokerage and research services or products that would otherwise have been considered Fund expenses. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Exchange Act.

Neither Catalio nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital introduction and marketing assistance with respect to prospective investors in the Funds when selecting broker-dealers for trading execution by the Funds.

Item 13: Review of Accounts

Catalio regularly reviews and monitors the Funds' investments and conducts periodic reviews to ensure compliance with each Fund's investment strategies, guidelines and restrictions as set forth in the applicable Governing Documents.

Investors generally receive reports quarterly or semi-annually, which include unaudited financial statements, periodic portfolio updates, and (if applicable) a valuation and summary update of investments in a Fund. Annually, Investors generally receive an annual financial report audited by a nationally or regionally recognized accounting firm, information regarding the Fund necessary for the completion of each Investor's tax return, and a summary of the relevant Fund's portfolio with the valuation of its investments (if applicable).

Item 14: Client Referrals and Other Compensation

We do not receive economic benefits from unaffiliated third-parties for providing investment advice and other advisory services (other than the Management Fees and incentive-based compensation as discussed in this Brochure). We do not compensate any unaffiliated third-party for client referrals.

Item 15: Custody

We are deemed to have custody of each Fund's investments because we have the authority to obtain funds or securities from each Fund, for example, by deducting Management Fees from a Fund or otherwise withdrawing funds from a Fund's account. Account statements related to the Funds (if applicable) are sent by qualified custodians to Catalio.

We will comply with Rule 206(4)-2 of the Advisers Act (*i.e.*, the "custody rule") by meeting the conditions of the pooled vehicles annual audit approach. Upon completion of a relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute each Fund's audited financials to Investors within 120 days of such Fund's fiscal year end.

Item 16: Investment Discretion

We have full discretionary investment authority with respect to the Funds, including discretion with respect to the purchase, sale, position sizing, cost and related considerations of each Fund's investments.

Item 17: Voting Client Securities

In compliance with Rule 206(4)-6 of the Advisers Act (*i.e.*, the “proxy voting rule”), we have adopted proxy voting policies and procedures. The general policy is to address all proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable Fund’s best interests and is in line with the Fund’s investment objectives.

Catalio may take into account all relevant factors, as determined in its discretion, including, without limitation:

- The impact on the value of the securities or instruments owned by the relevant Fund and the returns on those securities;
- The anticipated associated costs and benefits;
- The continued or increased availability of portfolio information; and
- Industry and business practices.

Catalio may abstain from voting or affirmatively decide not to vote if it determines that abstention or not voting is in the best interests of the Funds in light of the scope of services to which it and the Funds have agreed and other relevant factors. In making this determination, Catalio will consider various factors, including, but not limited to: (i) the costs associated with exercising the proxy (e.g., translation or travel costs) relative to the expected benefits to the Fund; and (ii) any legal restrictions on trading resulting from the exercise of a proxy.

If there is an actual or potential material conflict of interest in connection with a prospective vote, such conflict will be resolved in accordance with the applicable Fund’s Governing Documents and Catalio’s proxy voting policies and procedures. Catalio may abstain from voting Proxies in any instance if it deems that such abstention is in the best interests of the applicable Client.

Investors may not direct proxy voting decisions. However, Investors may obtain information on how Catalio voted on behalf of its Clients by contacting the Firm’s CCO.

Additionally, Investors may also obtain a copy of the Firm’s proxy voting policies and procedures by contacting the Firm’s CCO.

Item 18: Financial Information

Catalio is not required to include a balance sheet for the most recent fiscal year, is not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to the Funds, and has not been the subject of a bankruptcy petition at any time during the past ten years.