

**Item 1: Cover Page**

**Sio Capital Management, LLC**

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

March 15, 2023

This brochure (“Brochure”) provides information about the qualifications and business practices of Sio Capital Management, LLC, and its relying adviser, Quintavie, LLC (collectively, “Sio,” “Firm,” or “Adviser”). If you have any questions regarding the contents of this brochure, please contact us at (212) 601-9792 and/or via electronic mail at [Jin.Lee@siocapital.com](mailto:Jin.Lee@siocapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Sio is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information with which you may determine to hire or retain advisory services.

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

**Item 2: Material Changes**

If you are amending your brochure for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the brochure or on the page immediately following the cover page, or as a separate document accompanying the brochure. You must state clearly that you are discussing only material changes since the last annual update of your brochure, and you must provide the date of the last annual update of your brochure.

Sio Capital Management, LLC is required to identify and discuss any material changes made to this Form ADV Part 2A Brochure since its last annual update submitted on March 7, 2022. This amendment to the Brochure, dated March 15, 2023, contains no material changes from the previous annual amendment to the Brochure, dated March 7, 2022. In addition, Sio Capital Management, LLC routinely makes updates throughout the Brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry practices. We encourage all recipients to read this Brochure carefully and in its entirety.

### **Item 3: Table of Contents**

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#### Item 4: Advisory Business

- A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

Sio Capital Management, LLC is a Delaware limited liability company, legally formed on March 2, 2006. Dr. Michael Castor is the Firm's sole principal owner and has served as head portfolio manager since inception.

- B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

Sio provides discretionary investment advisory services to private investment vehicles (the "Funds"), which are exempted from registration under federal securities laws. The Funds generally employ a similar investment strategy. Sio provides discretionary investment advisory services to the following pooled investment vehicles:

- Sio Partners, LP (3c1); and
- Sio Partners Offshore Ltd. (3c7).

In addition, Sio advises four separately managed accounts (each an "SMA"; collectively, the "SMAs") for institutional clients. Collectively, the Funds and SMAs are referred to herein as the "Clients." Limited partners, shareholders, and investors in the Clients are referred to herein as "Investors."

Sio GP, LLC, an affiliate of Sio, serves as the general partner ("General Partner") to Sio Partners, LP. Sio Partners, LP is organized as a limited partnership. Sio Partners Offshore Ltd. is a non-U.S. fund ("Offshore") and is overseen by a Board of Directors ("Board").

- C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

Sio provides discretionary investment advisory services to the Clients, defined as giving continuous advice to a Client or making investments for a Client based on the individual needs of the Client. The needs of any particular Client are generally identified through a review of the Client's investment guidelines, strategies, and specific investment goals. Sio does not tailor its advisory services, investment objectives, or strategies to the requests or needs of individual investors.

For the avoidance of doubt, Sio's Clients are its Funds and SMAs and not the underlying investors in the Funds and SMAs. Thus, the Funds and SMAs may impose restrictions on Sio with respect to investing in certain securities or types of securities, but Investors are not permitted to restrict investments.

Sio may from time to time enter into side letters or other similar agreements with one or more Investors in the Funds that provide such Investor(s) with additional or different rights (including, without limitation, with respect to the management fee, the performance fee/allocation, access to information, minimum investment amounts and liquidity terms) than such Investor(s) have pursuant to a Client's offering documents. As outlined in each Client's confidential private offering memorandum, limited partnership agreement, investment management agreement, or other governing documents as applicable (collectively the "Offering Documents"), Sio will not be required to notify any or all of the Investors of any such written agreement or any of the rights or terms or provisions thereof, nor will Sio and/or General Partner be required to offer such additional and/or different rights and/or terms to any or all of the other Investors.

*For more detailed information regarding each Client's restrictions, refer to the Client's Offering Documents.*

- D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Sio does not participate in wrap fee programs.

- E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.

Note: Your method for computing the amount of “client assets you manage” can be different from the method for computing “regulatory assets under management” required for Item 5.F in Part 1A. However, if you choose to use a different method to compute “client assets you manage,” you must keep documentation describing the method you use. The amount you disclose may be rounded to the nearest \$100,000. Your “as of” date must not be more than 90 days before the date you last updated your brochure in response to this Item 4.E.

As of December 31, 2022, Sio managed discretionary client assets of \$1,065,063,194. Sio does not manage assets on a non-discretionary basis.

## Item 5: Fees and Compensation

- A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

### Asset-based Fee

Sio shall receive a management fee from the Funds ("Management Fee") calculated and payable quarterly, in advance, in an amount equal to 0.375% (1.5% annually) of the value of each Investor's capital account as of the first day of each quarter.

Sio shall receive a Management Fee from the SMAs calculated and payable quarterly, in arrears, in an amount equal to 0.375% (1.5% annually) on the aggregate separately managed account's NAV. Sio may waive, rebate, or reduce all or part of the Management Fee with respect to certain SMAs without waiving, rebating, or reducing the Management Fee charged to other SMAs.

### Performance-based Fee

Generally, at the end of each fiscal year, 20% of the net income allocated to the capital account of an Investor, as adjusted for the Management Fee, is paid to the Adviser ("Performance Fee"). The Performance Fee shall be subject to a "Loss Carryforward" provision (sometimes referred to as a "high water mark"). This means that if an Investor's capital account has a net loss in any fiscal year, this loss will be recorded and carried forward as to such Investor to future fiscal years (such amount is referred to as the "Loss Carryforward"). The Adviser will not receive the Performance Fee from such Investor in any future fiscal year until the Loss Carryforward amount for such Investor has been recovered (i.e., when the Loss Carryforward amount has been exceeded by the cumulative profits allocable to such Investor for the fiscal years following the Loss Carryforward). In the year the Loss Carryforward has been recovered, the Performance Fee shall be based on the excess profits (over the Loss Carryforward amount) as to such Investor, rather than on all profits. The "high water mark" procedure prevents the Adviser from receiving the Performance Fee as to profits that simply restore previous losses and is intended to ensure that the Performance Fee is based on the long-term performance of an investment in the Funds.

The Performance Fee charged to the SMAs is generally equal to 20% of the account's profits above a high-water mark, as detailed in such Client's investment management agreement. Sio may waive, rebate, or reduce all or part of the Performance Fee with respect to certain SMAs without waiving, rebating, or reducing the Performance Fee charged to other SMAs.

Sio offers an alternate fee structure to investors that consist of a higher performance fee and no management fee. Under this fee structure, investors would not be charged a management fee and would instead pay an annual performance fee of 30% on a gross return between 0% and 10% and an annual performance fee of 40% on the portion of the gross return that exceeds 10%.

When an Investor withdraws capital, any Loss Carryforward will be adjusted downward in proportion to the withdrawal.

For purposes of calculating the Management Fee, a side pocket account invested in an illiquid investment will be valued at the lower of cost (or carrying value as of the date such investment was designated an illiquid investment) or fair value. Sio does not receive a Performance Fee on side pocket account assets until they are reallocated into the capital accounts of the Investors. The respective Offering Documents of the Funds will disclose the Management Fee and Performance Fee arrangements associated with different share classes offered to Investors.

Sio may waive, rebate, or reduce all or part of the Management Fee and Performance Fee/Performance Allocation with respect to investments made by certain Investors without waiving, rebating, or reducing the

Management Fee and Performance Fee/Performance Allocation charged to other Investors.

In addition, as explained in Item 4, Sio may, from time to time, enter into side letters or other similar agreements with one or more Investors as outlined in the Funds' Offering Documents. Sio may also, from time to time, enter into side letters or other similar agreements with one or more separately managed accounts.

*Current and prospective Investors should refer to the Client's Offering Documents for detailed information with respect to the fees associated with Investors in the Clients. The information contained herein is a summary only and is qualified in its entirety by such documents.*

- B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

Sio deducts Management Fees and Performance Fees out of the capital account of each Investor in the Funds.

Sio will charge the SMAs for Management Fees and Performance Fees; the Client may pay the fees or other expenses of the account directly or by payments/disbursements from the account.

- C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

Sio's Clients will pay expenses as outlined in their respective Offering Documents.

Sio's Funds and SMAs will pay or reimburse the General Partner, Sio and/or their affiliates for the following expenses:

1. Organizational Expenses

All expenses related to organizing and offering the Funds, including, but not limited to, legal fees and accounting fees, administrator fees, director fees, and government filing fees.

2. Operating Expenses

The Funds will pay, or reimburse the General Partner (if applicable), the Adviser and their affiliates, for all ongoing costs and expenses relating to the operations and administration of the Funds, including, but not limited to, (a) expenses incurred in connection with the ongoing offer and sale of interests in the Funds, (b) administrator fees and expenses, communications with Investors, governmental fees and taxes, insurance, legal, accounting, tax preparation expenses, auditing, financial statement preparation, bookkeeping, valuation expenses, consulting and other professional and administration fees and expenses, (c) all Fund research and investment-related costs and expenses such as brokerage commissions, short borrowing expenses, margin interest and other indebtedness, expenses related to short sales, custodial fees and clearing and settlement charges, Bloomberg and third party analytic and market data provider fees, fees and expenses of professionals including investment specialists and consultants, research related travel and other expenses related to the purchase, sale or transmittal of Fund assets and (d) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims, assertion of rights or pursuit of remedies, by or against the Fund, including, without limitation, professional and other advisory and consulting expenses and travel expenses, and whether or not pursuant to bankruptcy or other legal proceedings, or participation in informal committees of creditors or other security holders of an issuer.

3. Expenses in Side Pocket Accounts

Any expenses relating specifically to a side pocket account will be charged to the Investors participating in such an account.

4. Withdrawal Fee

Any withdrawals by an Investor in the Funds within 12 months after such Investor's investment shall be subject to a withdrawal fee payable to the Funds equal to 3.0% of the amount withdrawn. This fee may be waived by the Investment Manager or General Partner.

Sio's SMAs will bear custodial, administrative, and other expenses pursuant to agreements with service providers and according to requirements set out in the investment management agreement.

All Clients will incur brokerage and other transaction costs.

Current and prospective Investors should refer to the Offering Documents of the Clients for detailed information with respect to the fees and expenses they may pay in connection with an investment in the Clients. The information contained herein is a summary only and is qualified in its entirety by such documents.

- D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

As disclosed in Item 5A above, Sio requires payment of fees quarterly in advance from the Funds. A pro-rata portion of any Management Fee paid in advance will be returned to any Investor permitted to withdraw from a Fund prior to the end of a quarter.

As disclosed in Item 5A above, Sio requires payment of fees quarterly in arrears from the SMAs, and therefore the SMAs are not subject to pre-paid fees nor any reimbursement of pre-paid fees.

- E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

Not applicable.



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

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

Sio charges Clients performance-based fees as further described in Item 5. If Sio agrees to provide investment advice to Clients under differing fee structures, there may exist an incentive to favor accounts paying higher performance-based fees than others. Sio has adopted policies and procedures designed to address this conflict of interest and ensure that Clients are allocated investments on a fair and equitable basis consistent with the Firm's fiduciary duty.

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

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Sio offers its services to domestic and foreign private investment funds that are exempt from registration under the Investment Company Act of 1940 and separately managed accounts for institutions and large businesses. Please see Item 4: Advisory Business for further details.

Interests in the Funds and SMAs are only offered to investors, which meet certain minimum suitability requirements, including qualifying as an "Accredited Investor" under the Securities Act of 1933, unless otherwise determined by the General Partner of a Client and a "Qualified Client" (as defined in Rule 205-3 promulgated under the Investment Advisers Act of 1940) or a "Qualified Purchaser" (as defined in Section 2(a)(51) under the Investment Company Act of 1940). The Client's Offering Documents set forth in detail the definition of Accredited Investor, Qualified Client, and Qualified Purchaser.

The minimum initial investment that will be accepted from a new limited partner is \$1,000,000. The minimum investment may be waived at the discretion of Sio.

Sio requires that a minimum investment, agreed upon between the Firm and the Investor, be made in order to open an SMA. This minimum investment may be reduced or waived at the discretion of Sio.

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

- A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

Sio's objective is to invest capital in a global, healthcare-focused portfolio in order to generate attractive returns for Investors.

Sio has a 'value' orientation with a strong attention to balance sheet quality and cash flow generation. Sio's long investments often have low price/earnings and price/book ratios, especially as it pertains to stable, large-cap holdings. When evaluating a potential investment, Sio seeks to understand why the stock may be out of favor and what will lead investors to regain confidence.

Sio's long portfolios typically include growth at a reasonable price (GARP) and growth investments when attractive opportunities arise. Sio looks for business models where there is an opportunity for revenue growth or operating margin expansion that is greater than the market realizes. In these cases, current valuations still reflect a discount to Sio's assessment of fair value.

For Sio's portfolios of short investments, we look for shorts that are 'hyped up' and whose valuations are predicated on expectations that Sio believes to be unattainable. Catalysts are generally the most important factor in identifying good "short" investments. These catalysts include, without limitation, earnings misses, regulatory risks, market competition, and scientific/clinical trial failures.

Sio focuses on selecting individual investments to drive returns. Sio's net exposure will vary depending on the number of/conviction in Sio's long positions and short positions at any given point in time.

Investing in securities involves risk of loss that the Investors in the Clients should be prepared to bear.

- B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

It is possible that some of the investment vehicles and direct investments selected by Sio will not meet all of the criteria described under Item 8.A., and that some or all of the investments selected by Sio will not perform as anticipated. Depending on conditions and trends in the financial and securities markets and the economy in general, Sio may pursue any objectives, employ any investment techniques, or purchase any type of security that it considers appropriate and in the best interests of the Clients that are not described above pursuant to Sio's discretionary relationship with its Clients. The summary above is based upon numerous assumptions and opinions of Sio concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the Clients' investment strategy will achieve profitable results, and results may vary substantially over time. Past performance of a Client or that of Sio or its affiliates is not indicative of future results of a Client. Investors risk the loss of their entire investment.

An investment in the Client involves significant risks not associated with other investment vehicles. It is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that (i) the Clients' investment objectives will prove successful, or (ii) Investors will not lose all or a portion of their investment.

Listed below are some of the risks associated with an investment into the Clients. The following explanation of certain risks is not exhaustive but rather highlights some of the more significant risks involved in the Clients' investment strategies. For a complete explanation of the Clients' relevant investment strategies and their associated risks, investors should review the relevant Offering Documents or investment management

agreement, which contain additional explanations of strategies, risks, and other related details not discussed below.

**Competition.** The securities industry and the varied strategies and techniques to be engaged in by the Adviser are extremely competitive, and each involves a degree of risk. The Adviser will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staff.

**Market Volatility.** The instruments expected to be held by the Clients involve a high degree of risk. While the Adviser will make assessments regarding the expected investment return on its investments, because of the unpredictability of the markets upon which such investment return may be based, the investment return provided by such investments may not be adequate to compensate the Clients for the risk borne thereby.

**Market Disruption and Geopolitical Risk.** The Clients are subject to the risk that geopolitical and other events will disrupt securities markets, adversely affect global economies and markets, and thereby decrease the value of the Client's investments. Market disruptions, including sudden government interventions, can also prevent the Adviser from implementing its investment program for a period of time and achieving its investment objective. For example, a disruption may cause disruptions to the ordinary functioning of the securities markets and/or may cause the derivatives counterparties to discontinue offering derivatives on some underlying commodities, securities, reference rates, or indices or to offer them on a more limited basis.

**Counterparty Risk.** The Clients are exposed to counterparty risk to the extent it uses over-the-counter derivatives, enters into repurchase agreements, lends its portfolio securities or, allows a prime broker or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the Clients could miss investment opportunities or otherwise hold investments it would prefer to sell, resulting in losses. There is neither an explicit limit on the amount of exposure that the Clients will have with anyone counterparty nor a requirement that counterparties maintain a specific rating by a nationally recognized rating organization in order to be considered for potential transactions. To the extent that the Adviser's view with respect to a particular counterparty changes (whether due to external events or otherwise), existing transactions are not required to be terminated or modified.

**Derivative Instruments.** From time to time, the Clients use derivative instruments. The use of derivative instruments presents various risks, including but not limited to market risk, legal risk, operations risk, and the following additional risks:

- **Tracking** – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Clients from achieving the intended hedging effect or expose the Clients to the risk of loss.
- **Liquidity** – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets, the Clients may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Clients may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Clients to the potential of greater losses.
- **Leverage** – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the Clients and could cause their net asset value to be subject to wider fluctuations than would be the case if the Clients did not use the leverage feature in derivative instruments.
- **Over-the-Counter Trading/Counterparty Risk** – The Clients are exposed to counterparty risk to the extent it uses “over-the-counter” derivatives, enters into repurchase agreements, lends its portfolio securities or allows a prime broker or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise

experiences a business interruption, the Clients could miss investment opportunities or otherwise hold investments it would prefer to sell, resulting in losses. Certain markets in which the Clients effect transactions are “over-the-counter” or “interdealer” markets and may also include unregulated private markets. The lack of a common clearing facility creates counterparty risk. The participants in such markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the Investor to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the Clients to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement or where the Clients have concentrated their transactions with a single or small group of counterparties. The Clients may also be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods. Additionally, although the counterparty to a centrally cleared swap agreement (and/or an exchange-traded futures contract) is often backed by a futures commission merchant (“FCM”) or clearing organization that is further backed by a group of financial institutions, there may be instances in which either the FCM or the clearing organization fail to perform its obligations, causing significant losses to the Clients. For example, the Clients could lose margin payments it has deposited with a clearing organization as well as any gains owed but not paid to the Clients if the clearing organization becomes insolvent or otherwise fails to perform its obligations. There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. The Clients will be exposed to the credit risk of its counterparties and may also bear the risk of settlement default.

**Investments in Undervalued Securities and Other Assets.** The investment program allows for a portion of the Clients’ portfolios to be invested in securities and other assets that the Adviser believes to be undervalued. There are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses.

**Small Companies.** Sio’s investment program allows for a portion of the Clients’ portfolios to be invested in small and/or unseasoned companies with small market capitalization. While smaller companies generally have the potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Adviser may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller-company securities.

**Leverage.** Sio anticipates using leverage in its investment program. This includes, among other things, the use of borrowed funds and the use of certain types of investments. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Clients. If the interest expense on borrowings were to exceed the net return on the investments made with borrowed funds, the Clients’ use of leverage would result in a lower rate of return than if the Clients were not leveraged.

If the amount of borrowings which the Clients have outstanding at any one time is large in relation to their capital, fluctuations in the market value of the Clients’ portfolios will have disproportionately large effects in relation to the Clients’ capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the net asset value of the Clients to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies borrowed fails to cover their cost to the Clients, or there are investment losses, the net asset value of the Clients will generally decline faster than would otherwise be the case.

**Investment in Highly-Leveraged Companies.** The Clients' investments may include investments in companies whose capital structures have significant leverage (including substantial leverage senior to a Client's investments), a considerable portion of which may be at floating interest rates. The leveraged capital structure of such companies will increase their exposure to adverse economic factors, such as rising interest rates, downturns in the economy, or deteriorations in the financial condition of the company or its industry.

**Special Purpose Acquisition Companies.** The Clients invest in the stock, warrants, and other securities of special purpose acquisition companies ("SPACs") or the sponsors thereof. SPACs are publicly traded companies formed for the purpose of raising capital through initial public offerings to fund the acquisition, through a merger, capital stock exchange, asset acquisition, or other similar business combination, of one or more undervalued operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and such target company's value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third party claims against such SPAC, which may reduce the per-share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, interests in most SPACs are relatively illiquid and have a concentrated shareholder base that tends to be comprised of institutional investors, including hedge funds (at least at inception). Certain Clients have invested capital in a SPAC that is advised, in part, by the Firm's managing member. To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

**Speculative Nature of Investments in Developing Companies.** The type of investments the Clients intend to make are, by their very nature, speculative and involve a substantial degree of risk. Some of the companies will be in the early phases of development. Such companies may face intense competition from companies with greater financial resources, more extensive development, manufacturing, marketing, service capabilities, and a larger number of qualified managerial and technical personnel. Such investments may require several years before they mature, become profitable, and generate any returns for investors.

**Portfolio Turnover.** The Clients will be actively managed, and the Adviser will actively trade a Client's portfolio. The Adviser may make adjustments to a Client's portfolio if it believes that market conditions or research opinions affecting the market or individual issues warrant such action, as a result of changes in the Adviser's risk tolerance or to take advantage of short-term trading opportunities. Accordingly, a Client's portfolio may turn over frequently during the course of a year. In such circumstances, the Clients are likely to pay greater brokerage commissions than funds with a lower portfolio turnover rate.

**Private Companies.** Private companies are not subject to the same reporting requirements, rules, and regulations to which many public companies are required by applicable law to adhere. Investments in private companies are highly illiquid investments. There are no assurances that a private company will be able to enter the public market or find a suitable buyer. Any investment in a private company may not be readily marketable or transferable. Therefore, the Clients may be unable to liquidate any of its investment in such companies. In addition, any private companies into which the Clients may seek to invest may have very limited, if any, publicly

available disclosures or other company information (e.g., revenues, expenses, profitability and debt). Likewise, due to the illiquid nature of such investments, there is no guarantee that they can be realized at the estimated valuation levels.

**Special Situations.** The Clients may make investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies, and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved will take considerable time or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Clients of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Clients may be required to sell its investment at a loss.

**Investments in Distressed Securities.** The Clients may invest in securities of enterprises that are experiencing or have experienced significant financial or business difficulties. Investments in distressed securities may generate significant returns to the Clients but also involve a substantial degree of risk. The Clients may lose a substantial portion of its entire principal in such an investment or may be required to accept cash or securities with a value less than a Client's original investment. Among the risks inherent in such investments is that it is frequently difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate, or disenfranchise particular claims.

**Short Sales.** Sio's investment program allows for selling securities short. Sio expects most short trades to be in equity securities and currencies. Short selling involves the sale of a security that the Clients do not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the Clients must borrow securities from a third-party lender. The Clients subsequently return the borrowed securities to the lender by delivering to the lender securities it previously owned or by purchasing securities in the open market. The Clients must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the Clients a fee for the use of the Clients' cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing, and other market factors.

Theoretically, securities sold short are subject to an unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Clients may be subject to losses if a security lender demands a return of the lent securities and an alternative lending source cannot be found.

**Hedging Transactions.** Investments in financial instruments such as forward contracts, options, and interest rate swaps, caps and floors, and other derivatives are commonly utilized by investment funds to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, in interest rates and the equity markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Clients to hedge against a fluctuation at a price sufficient to protect the Clients' assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations.

**Outbreaks of Infectious or Contagious Diseases.** As of March 2023, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to

be a pandemic. The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity, and contributed to significant volatility in certain equity and debt markets. Many countries have reacted by instituting quarantines; prohibitions on travel; and the closure of offices, businesses, schools, retail stores, and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new pandemic or epidemic diseases, or the threat thereof, could have a significant adverse impact on the Clients and their investments and could adversely affect the Firm's ability to fulfill their investment objectives.

**Investments in Non-U.S. Investments.** The Clients may invest and trade a portion of their assets in non-U.S. securities and other assets, through American depositary receipts (ADRs) and otherwise, which will give rise to risks relating to political, social, and economic developments abroad, as well as risks resulting from the differences between the regulations to which the United States and foreign issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly, slow, and there are sometimes special problems enforcing claims against foreign governments.

Foreign securities and other assets often trade in currencies other than the United States dollar, and the Clients directly hold foreign currencies and may purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Clients' Net Asset Value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the United States dollar relative to these other currencies may cause the value of the Clients' investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the Clients' foreign currency holdings. If the Clients enter into forward foreign currency exchange contracts for hedging purposes, they may lose the benefits of advantageous changes in exchange rates.

Non-United States securities and other markets may be less liquid, more volatile, and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing, and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

**Risk of Default or Bankruptcy of Third Parties.** The Clients engage in transactions in securities, financial instruments, and other assets that involve counterparties. Under certain conditions, the Clients could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, instruments and/or assets were to become illiquid. In addition, the Clients could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Clients do business, or to which securities, instruments and/or assets have been entrusted for custodial purposes.

*Investors and prospective investors are provided with Offering Documents that provide a detailed description of the material risks related to an investment in the Clients. Investors and prospective investors are advised to review carefully all risk factors set forth in such documents.*

- C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

See Item 8.B. for further discussion.

## Item 9: Disciplinary Information

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

- A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person:
1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
  2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
  3. was found to have been involved in a violation of an investment-related statute or regulation; or
  4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

Sio has no applicable disciplinary information.

- B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person:
1. was found to have caused an investment-related business to lose its authorization to do business; or
  2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
    - (a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;
    - (b) barring or suspending your firm's or a management person's association with an investment-related business;
    - (c) otherwise significantly limiting your firm's or a management person's investment-related activities;or
    - (d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

Sio has no applicable disciplinary information.

- C. A self-regulatory organization (SRO) proceeding in which your firm or a management person:
1. was found to have caused an investment-related business to lose its authorization to do business; or
  2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

Sio has no applicable disciplinary information.

## Item 10: Other Financial Industry Activities and Affiliations

- A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.



Not applicable.

- B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Not applicable.

- C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.
1. broker-dealer, municipal securities dealer, or government securities dealer or broker
  2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
  3. other investment adviser or financial planner
  4. futures commission merchant, commodity pool operator, or commodity trading advisor
  5. banking or thrift institution
  6. accountant or accounting firm
  7. lawyer or law firm
  8. insurance company or agency
  9. pension consultant
  10. real estate broker or dealer
  11. sponsor or syndicator of limited partnerships.

Dr. Michael Castor is the managing member of the Adviser (including its relying adviser, Quintavie, LLC) and the General Partner. Further, Dr. Michael Castor is also a director of the Offshore. In addition, the General Partner or Adviser may in the future manage partnerships or other pooled investment entities and accounts including, without limitation, investment vehicles for the benefit of employees, with investment objectives that are the same as, similar to, or different from those of the Clients. Additionally, the General Partner or the Adviser (and their respective principals or affiliates) may serve as investment advisers or investment managers to other client accounts and conduct investment activities for their own accounts. Such other entities or accounts may have investment objectives or may implement investment strategies similar to those of the Clients. The General Partner or the Adviser (or their respective principals or affiliates) may give advice or take action with respect to such other entities or accounts that differ from the advice given with respect to a Client.

- D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

Not applicable.

#### **Item 11: Code of Ethics**

- A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

Sio has adopted a written Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Investment

Advisers Act of 1940 (“Advisers Act”). All Investors in the Clients managed by Sio can request a copy of the Code by contacting Jin W. Lee, Chief Compliance Officer, at (212) 601-9792 and/or via electronic mail at [Jin.Lee@siocapital.com](mailto:Jin.Lee@siocapital.com).

In addition, a pre-qualified or approved potential investor may also request a copy of our Code of Ethics. Sio’s Code includes policies regarding personal trading that are designed to detect and prevent potential conflicts of interest between Sio and its Clients. The Code, among other things, provides for the following:

- Personnel have the duty, at all times, to place the interests of Clients first.
- Personnel have the duty to conduct all personal securities transactions in a manner consistent with the Code of Ethics and in such a manner to avoid any actual or potential conflict or abuse of a position of trust and responsibility.
- Personnel must refrain from actions or activities that allow a person to profit or benefit from his or her position with respect to a Client, or that otherwise bring into question his or her independence or judgment.
- All personal securities transactions made by personnel must be accomplished in a manner to avoid even the appearance of a conflict of interest with a Client.
- Personnel cannot trade in any type of security in the health care sector.
- Personnel must receive consent from the Chief Compliance Officer before acquiring any beneficial ownership in initial public offerings or private placements.

- B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

As disclosed in Item 8 of Form ADV, Part 1A, neither Sio nor Sio’s related persons recommends to the Clients or buys or sells for the Client’s accounts, securities in which Sio or Sio’s related persons have a material financial interest.

For the avoidance of doubt, Sio’s personnel shall not recommend any transaction in any securities by any Client without having disclosed his or her interest, if any, in such securities or the issuer thereof, including:

- his or her beneficial ownership of any securities of such issuer;
- his or her contemplated transaction in such securities;
- any position he or she has with such issuer; and
- any present or proposed business relationship between such issuer and Sio personnel (or a party that he or she has a significant interest in).

- C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

As disclosed in Item 8 of Form ADV, Part 1A, neither Sio nor Sio’s related persons may invest in the same securities that Sio or Sio’s related persons recommends to the Clients.

For the avoidance of doubt, personnel must offer an investment opportunity first to the Clients before he or she or Sio may act on that opportunity. Personnel may not purchase or sell, directly or indirectly, a security for his or her own account that is the same security or related security that is in his or her area of research coverage.

- D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person’s own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

As disclosed in Item 8 of Form ADV, Part 1A, neither Sio nor Sio's related persons recommends securities to the Clients or buys or sells securities for Client accounts at or about the same time that Sio or Sio's related persons buy or sell securities for Sio or the related person's own account.

For the avoidance of doubt, personnel may not:

- purchase or sell, directly or indirectly, a security for his or her own account when the same security or related security is being purchased or sold by any Client; or
- purchase or sell, directly or indirectly, a security for his or her own account that is the same security or related security that is the subject of a buy or sell recommendation to any Client.

## **Item 12: Brokerage Practices**

A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

Sio has in the past and may in the future use commissions generated by the Clients to pay for research and brokerage-related services and expenses. Sio seeks reasonably competitive commission rates and monitors trade execution to ensure the Clients generally pay the lowest commission available on each transaction. While a primary criterion for all transactions in portfolio securities is the execution of orders at the most favorable commission available under the circumstances, additional factors relevant to execution capabilities may be considered when arranging for the purchase and sale of positions, including, but not limited to: (i) the importance to the relevant account of speed, efficiency or confidentiality; (ii) the broker dealer's familiarity with sources from or to whom particular securities might be purchased or sold; (iii) quotation services; and (iv) any other matters Sio deems relevant to the selection of a broker-dealer for a transaction. Sio will only receive brokerage or research services in connection with securities transactions that it believes are consistent with the "safe harbor" provisions of Section 28(e) of the Securities Exchange Act of 1934 when engaging in "soft dollar benefit" arrangements.

Following the principle of seeking best price and execution, Sio may direct brokerage business on behalf of its Clients to brokers that provide Sio and its affiliates with supplemental research, market, and statistical information. Sio generally believes that such investment information provides all of its Clients with benefits by supplementing the research otherwise available to Sio.

b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.

When Sio uses client brokerage commission to obtain research or other services, the Firm receives a benefit because it does not have to produce or pay for the research or services. This practice may create an incentive for Sio to select or recommend a broker-dealer based on the Firm's interest in receiving the research or services. Sio does expect to cause its Clients to pay more than the lowest available commission for commissions paid when using both hard dollars and soft dollars.

- c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

See Item 12.1.A.

- d. Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

See Item 12.1.A. The products and services received from broker-dealers will generally be used in servicing all of Sio's accounts. Sio generally allocates soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

- e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.

Within the last fiscal year, Sio received the following types of products and services: research reports on companies, industries, and securities as well as economic, market, and financial data.

- f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

At least annually, Sio considers the amount and nature of research and research services provided by broker-dealers. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation but can exceed the suggested level because transactions are allocated on the basis of all of the considerations described above. Sio does not make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer.

- 2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

- a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.

Not applicable.

- b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.

Not applicable.

- 3. Directed Brokerage.

- a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.

Not applicable.

- b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Not applicable

- B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

Sio generally aggregates trades for Client accounts and intends to allocate executed trades on a pro-rata basis for all its Clients based on the beginning of the month capital. Each Client's allocation percentage is determined based on their pro-rata capital contribution, calculated at the beginning of the month. All trades are allocated according to such calculated percentages. From time to time, Sio may employ an alternate allocation arrangement for certain Clients during ramp-up periods, as is fully outlined in the Client's Offering Documents, as applicable.

Sio may at times determine that certain investments will be suitable for acquisition by a Client and by other accounts managed by the Adviser, the Adviser's own accounts, or accounts of an affiliate. If that occurs, and Sio is not able to acquire the desired aggregate amount of such investments on terms and conditions that Sio deems advisable, Sio will endeavor to allocate in good faith the limited amount of such investments acquired among the various accounts for which Sio considers them to be suitable. Sio may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the investments acquired, and the extent to which such investments are consistent with the investment policies and strategies of the various accounts involved.

### Item 13: Review of Accounts

- A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

Sio's portfolio manager and research analysts are all responsible for maintaining existing company coverage and analyzing new companies and opportunities. Generally, Sio conducts a portfolio review meeting twice a month, which creates a formal structure through which the portfolio manager interacts with analysts. During the risk management part of the meeting, analysts are called upon to discuss their positions in the portfolio with the rest of the team. Analysts are expected to use this venue to focus on risks and downside potential. One of the goals of this meeting is to frame the risk/reward profile for Sio's investments, discuss position sizes, and revisit Sio's level of conviction. The next part of the meeting discusses potential investment ideas. During this part of the meeting, the portfolio manager assesses current projects and timetables. Subsequently, the team discusses a list of approximately 20-30 potential ideas and considers which are most likely to generate the greatest returns. The portfolio manager will typically assign each analyst between one and three names to evaluate. The portfolio manager reviews every model for companies in which Sio invests. Similarly, the portfolio manager generally reviews his models with one of Sio's analysts. Sio believes it is a best practice to have a second person reviewing every investment. Sio values both humility and thoroughness in its approach to investing.

- B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

Outside of Sio's structured meetings, Members of Sio's team routinely consult each other to discuss Sio's forecast for a revenue stream and approach to a company's financial analysis.

- C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

Sio's independent administrator, Mitsubishi UFJ Fund Services, will provide Fund Investors with monthly net asset value calculations. The SMAs' administrator performs these calculations for the SMAs. Investors in the Funds can expect to receive a report from the administrator approximately ten business days after the end of each month. The SMAs will receive such a report as independently agreed upon with the SMAs' administrator.

In addition, Sio sends a monthly letter with a discussion of select drivers of performance to all Investors.

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

- A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Generally, there are no sales charges payable to the Funds, Adviser, or General Partner in connection with the sale of interests in the Funds. The General Partner (or an entity designated by the General Partner) may pay fees to persons (whether or not affiliated with the General Partner) who are instrumental in the sale of an interest in the Funds. Any such fees will generally not be chargeable to the Funds or any Investor. However, in certain circumstances, the General Partner may enter into arrangements with placement agents providing payment from an Investor to a placement agent. In such circumstances, the General Partner may deduct a percentage of the amount invested by an Investor in the Funds to pay sales fees or charges, on a fully disclosed basis, to a broker-dealer based upon the capital contribution of such Investor introduced to the Funds by such broker-dealer. Any such sales fees or charges would be assessed against the referred Investor and would reduce the amount actually invested by such Investor in the Funds. If an Investor is introduced to the Funds through a placement agent that is not affiliated with the Adviser and/or the General Partner, the arrangement, if any, with such placement agent will be disclosed to, and acknowledged by, such Investor.

- B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

Not applicable.

#### **Item 15: Custody**

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

Sio and its related person serving as General Partner to the Funds are deemed to have custody of a Fund's assets by virtue of their status as Investment Manager or General Partner to the Funds. Sio and the General Partner do not have actual physical custody of a Fund's assets; rather, all such assets are held in the name of the Fund by an independent qualified custodian. The Funds are audited annually, and Investors annually receive audited financial statements within 120 days from calendar-end as required by law. In addition to annual audited financial statements, the Funds' investors receive a monthly statement of their account balances from the administrator.

The SMAs will receive monthly account statements prepared by Sio. The Investors in the SMAs should carefully review such account statements. When the SMA Investors receive account statements from Sio, such Investor should compare those statements with the statements received from the qualified custodian.

## **Item 16: Investment Discretion**

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

At the start of a Client relationship, the Client grants Sio the discretionary authority to manage its account by executing an Investment Management Agreement.

Investors in the Funds typically execute a subscription agreement and other applicable governing documents in connection with their investment in the Funds. Such documents contain a power of attorney that generally grants Sio certain powers related to the orderly administration of the affairs of the Investor.

Sio does not tailor its advisory services to the individual needs of Investors in the Funds, nor does it accept investment restrictions imposed by such Investors in the Funds. SMA Investors may impose restrictions on investing activities.

Please see Item 4 for additional information regarding Sio's investment management services.

## **Item 17: Voting Client Securities**

- A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

Clients may grant Sio authority to vote their securities within their Offering Documents or other related Client documents. In regard to the Clients, Sio will generally have authority to vote securities. Sio has a proxy policy in place, which stems from the fiduciary obligations it has to its clients regarding Sio's authority to vote their proxies and provides Sio with a demonstrable framework to allow it to act in the best interests of Clients before its own.

Sio may abstain from voting a Client proxy if the Adviser concludes that the effect on a Client's economic interests or the value of the portfolio holding is insignificant or the costs of voting outweigh the benefits.

A copy of Sio's proxy policy will be provided upon request to all Clients. Clients should contact Jin W. Lee, the Chief Compliance Officer, if they would like a copy of Sio's proxy policy.

All Clients are also entitled, upon request, for the records of proxies received and voted on their behalf by Sio. Clients should contact Jin W. Lee, the Chief Compliance Officer.

- B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

Not applicable.



**Item 18: Financial Information**

- A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.
1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.
  2. Show parenthetically the market or fair value of securities included at cost.
  3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

Exception: You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.

Not Applicable.

- B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

A registered investment adviser is required to provide clients with certain financial information or disclosures about its financial condition. Sio has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

- C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

Sio has not been the subject of a bankruptcy proceeding.

If you are registering or are registered with one or more state securities authorities, you must respond to the following additional Item.

Not Applicable.

**Item 19: Requirements for State-Registered Advisers**

Sio is not a state-registered Adviser, and therefore this Item is not applicable.