



# SUVRETTA

## Capital Management

### Form ADV Part 2A: Firm Brochure

### Suvretta Capital Management, LLC

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*This Brochure provides information about the qualifications and business practices of Suvretta Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact Andrew Nathanson, Chief Compliance Officer and Legal Counsel, at (212) 705-5200 or [anathanson@suvcap.com](mailto:anathanson@suvcap.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.*

*Additional information about Suvretta Capital Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities. The securities of the Funds will be offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Investors in the Funds generally must be both "accredited investors," as defined in Regulation D, and "qualified purchasers," as defined in the Investment Company Act of 1940, as amended (the "IC Act"). Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.*

## ITEM 2 – Material Changes

This is Suvretta Capital Management, LLC’s first Brochure. Since this is the first time Suvretta Capital Management, LLC is required to provide this Brochure to you, a summary of material changes is not required. In the future, we will summarize material changes that are made to this Brochure since our last annual update.

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## ITEM 4 – Advisory Business

Suvretta Capital Management, LLC (the “Adviser” or “Suvretta”), a Delaware limited liability company, is a New York-based investment management firm founded by Aaron Cowen (the “Managing Member”) in 2011. As of April 30, 2014, Suvretta’s regulatory assets under management were approximately \$998,300,000.

Suvretta provides discretionary investment management services to private pooled investment vehicles (each a “Fund” and collectively the “Funds”) intended for sophisticated investors and institutional investors (“Fund Investors”). The Funds managed include Suvretta Partners, LP (the “Onshore Fund”), Suvretta Offshore Fund, Ltd. (the “Offshore Fund”) and Suvretta Master Fund, Ltd. (the “Master Fund”). Suvretta GP, LLC (the “General Partner”) which is a related entity of Suvretta, serves as the general partner to the Onshore Fund. In this document, any reference to “Client” means the Funds, their investors and any other advisory client of the Adviser.

The Onshore Fund is a Delaware limited partnership and the Offshore Fund is an exempted company incorporated under the laws of the Cayman Islands (altogether the “Feeder Funds”). The Feeder Funds invest substantially all of their assets in the Master Fund, an exempted company incorporated under the laws of the Cayman Islands, conducting their investment and trading activities indirectly through their investment in the Master Fund. The purpose of the Master Fund is to achieve trading and administrative efficiencies. Thus, an investment in the Feeder Funds is the functional and economic equivalent of an investment in the Master Fund. Suvretta seeks to achieve positive absolute returns, regardless of market conditions, on behalf of the Funds by investing primarily in equity securities (both long and short), with an emphasis on mid- to large-capitalization companies.

Interests in the Onshore Fund are offered on a private placement basis, and in reliance on Section 3(c)(7) of the IC Act, to persons who are “accredited investors” as designed under the Securities Act and “qualified purchasers” as defined under the IC Act, subject to certain other conditions, which are set forth in the Onshore Fund’s offering documents.

Shares in the Offshore Fund are generally offered to persons (1) who are not “U.S. persons,” as defined under Regulation S of the Securities Act, or who are tax-exempt U.S. persons (or entities substantially comprised of tax-exempt U.S. persons) on a private placement basis, and (2) are subject to certain other conditions, which are set forth in the Offshore Fund’s offering documents.

Suvretta manages the assets of the Funds in accordance with the investment strategy set forth in each Feeder Fund’s confidential private placement memorandum but does not tailor its investment management services to the individual needs of investors in the Funds. Suvretta currently does not manage separate accounts for particular Clients but may do so in the future. If Suvretta were to manage separate accounts, the accounts would be subject to investment objectives, guidelines, restrictions, fee arrangements and other terms that would be individually negotiated with each such Client pursuant to an investment advisory agreement. Separate accounts would generally involve significant account minimums.

Suvretta does not participate in Wrap Fee Programs.

## ITEM 5 – Fees and Compensation

Suvretta and the General Partner typically receive compensation from the Funds in the form of fees based on percentage of assets under management and performance-based incentive allocations. The Funds pay Suvretta a quarterly management fee in advance ranging from 1% to 1.5% (per annum) of the net assets of the Funds, plus an annual performance allocation to Suvretta ranging from 10% to 20% of the net profits (including net unrealized gains) as of the end of each fiscal year (after deducting all expenses) allocated to an investor, subject to a loss carryforward provision that is described in each Fund's confidential private placement memorandum.

Suvretta has (and reserves the right to) waived or reduced fees for certain investors in the Funds, including employees, family members, initial investors and others as may be determined in Suvretta's sole discretion. For the Offshore Fund, such waiver or reduction of fees must be approved by the Offshore Fund's Board of Directors.

### Expenses

In addition to paying management fees and incurring the annual performance allocation (if applicable), the Funds will also be subject to other investment expenses which may include:

- commissions, research fees and expenses (including research-related travel) (please refer to Item 12 of this Brochure for a discussion of Suvretta's brokerage practices);
- interest on margin accounts and other indebtedness;
- borrowing charges on securities sold short;
- proxies, custodial fees and bank service fees;
- taxes, duties and other government charges; and
- other portfolio expenses.

In addition, the Funds bear relevant operating expenses including those listed above and; legal, compliance, administrator, audit and accounting expenses (including third party accounting services); expenses associated with any regulatory filings attributable to the Funds and expenses associated with any advanced due diligence procedures (e.g. Foreign Account Tax Compliance Act); fees paid to the board of directors; insurance costs (including D&O and E&O insurance for Suvretta, the General Partner and outside directorship liability); each Feeder Fund's pro rata share of the expenses of the Master Fund; and any other expenses reasonably related to the Funds' operations and the purchase, sale or transmittal of Fund assets. The information provided in this brochure regarding fees and expenses is not intended to be complete or final and is qualified in its entirety by the confidential private placement memorandum for each Fund. Investors should read and review the confidential private placement memorandum of the Fund in which they are invested to fully understand the types of fees and expenses that are paid for by each Fund.

## Management Fees

As noted above, the management fee charged to the Funds is paid quarterly in advance. Suvretta's fees are generally deducted from each Fund account by the Funds' administrator upon Suvretta's proper instructions. While Fund redemptions are generally limited to quarterly upon forty-five days written advance notice (the "Redemption Notice Period"), Suvretta, with the Offshore Fund's Board of Director's approval if applicable, may waive or modify the above conditions. If the Redemption Notice Period is waived or modified, the management fee is prorated for any period that is less than a full quarter and refunded in accordance with a Fund's confidential private placement memorandum.

Neither Suvretta nor any of its supervised persons receive any other compensation for the sale of securities or other investment products.

## **ITEM 6 – Performance-Based Fees and Side-by-Side Management**

Suvretta and the General Partner are entitled to receive performance-based compensation in the form of an annual incentive fee as described in Item 5 above. All Fund Investors are charged performance-based fees unless such fee is reduced or waived as determined in Suvretta's sole discretion. For the Offshore Fund, such waiver or reduction of fees must be approved by the Offshore Fund's Board of Directors. In addition, Suvretta's investment personnel are typically compensated on a basis that includes a performance-based component.

The fact that a significant portion of Suvretta's compensation is directly computed on the basis of profits generated by the trading activities of the Funds may create an incentive to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Suvretta mitigates this risk associated with this conflict of interest through written policies and procedures. In addition, the performance based compensation received by Suvretta is based primarily on realized and unrealized gains and losses. As a result, Suvretta may receive a performance allocation reflecting unrealized gains at the end of a year that is not subsequently recognized by the Funds. Suvretta is involved with the valuation of securities held by the Funds, which in turn determines the calculation of the management fee and the performance allocation it receives. This creates an incentive for Suvretta to increase the value of the assets during the valuation process. Suvretta addresses this conflict of interest by using readily available market quotations and other commonly used and recognized valuation methods to value securities and by delegating all valuation responsibilities to the Funds' third-party administrator. Additionally, Suvretta believes through the Managing Member's and other Suvretta employees' investments in the Funds, its interests are aligned with the Fund Investors.

## **ITEM 7 – Types of Clients**

As of the date of this Brochure, all of Suvretta's Clients are private pooled investment vehicles. Investors in the Funds may include, but are not limited to; high net worth individuals, pension plans (corporate, state or foreign); sovereign wealth funds;

endowments; foundations; banks; pooled investment vehicles (e.g., funds-of-funds); trusts; estates or charitable organizations and corporate or business entities.

Each of the Feeder Funds generally requires a minimum investment of \$1 million; however, Suvretta (or a Fund's board of directors if applicable) maintains discretion to accept less than the minimum investment threshold. Suvretta requires that all Fund Investors read the confidential private placement memorandum, accompanying documentation and complete a Fund's respective subscription documents.

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

In managing the Funds, Suvretta employs a global long-short equity strategy that aggregates all of the disparate skillsets Aaron Cowen, the Funds' Portfolio Manager, learned at his previous work experiences. This includes deep fundamental analysis, "industry before company" investing, trading, options, strong risk control management and an appreciation for macro influences on equities. Suvretta generally uses (1) equities; (2) futures; (3) exchange-traded funds ("ETFs") and (4) equity options to express its investment opinion. Suvretta prefers to express an investment opinion in the equity security and use options to hedge unexpected risk in the security or to enhance its view in a cost efficient manner. Suvretta may use ETFs and futures to hedge unwanted industry or market exposure.

The investment strategy starts with investing in industries which benefit from secular growth or shorting industries in secular decline. Suvretta strives to own great companies in solid industries and short companies which are in weak industries and/or are losing market share. The investment philosophy also emphasizes companies which have management teams that are either good or bad stewards of capital for long and short ideas. Investing in something "cheap" is not a sufficient thesis as a stock can always get cheaper, especially in volatile markets. Suvretta prefers management teams who have an appreciation for their cost of capital and improving their balance sheets. The team also looks for opportunities with hard or soft catalysts on both the long and short side. Additionally, the team invests in larger or highly liquid companies.

Suvretta's investment philosophy focuses on investing in mid- and large-capitalization companies where the investment personnel have the ability to generate a differentiated investment view that can be expressed in equities that are liquid. This is also a generalist portfolio, without any one focus on a particular industry or sector. The sectors that the Funds invest in include, but are not limited to, consumer/retail; technology, media and telecommunications; healthcare services; industrials; financials and energy. Areas that Suvretta is generally not keen to invest in are industries and companies in which the equity performance is driven by binary events or "data point" investing. The portfolio is predominantly United States and Western European issuers.

The portfolio has two components: core long-term investments and short-term opportunistic investments. The majority of the portfolio will generally be core long-term positions. The percentage differences in the size of these two components depend primarily on the number of short-term opportunistic trades that the market presents to the investment team at any given time. The focus of the investment team will be core long-term investments, while the shorter term opportunistic investments will generally fall out of their core long-term

investment process. Positions that enter the portfolio, regardless of whether they are opportunistic or core, will be sized based on an array of factors. Sizing of positions will take into account liquidity, upside/downside risk and return characteristics, timeframe to an expected catalyst, changes in information, changes to the thesis, and scaling up and down opportunistically in relation to the underlying performance of the stock.

Suvretta also seeks to hedge within sectors to limit the amount of basis risk within the portfolio. Suvretta believes that short positions should generate alpha and seeks to have the majority of the short portfolio in single stock positions. If there is an inability to find single stock shorts, the first option will be to create a basket of shorts, and if that is suboptimal, to use ETFs.

The investment process is iterative, relying on the experience of the entire team.

### **Risk of Loss**

All investments risk the loss of capital. No guarantee or representation is made that Suvretta's investment program will be successful, and investment results may vary substantially over time. Careful consideration should be given to, among others, the risk factors described in this section.

### **Nature of Investments**

Suvretta has broad discretion in making investments for the Funds. Investments will generally consist of equity securities, equity-related instruments, derivatives and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that Suvretta will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of its investments. In addition, the value of the Funds' portfolio may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds' investment objective will be achieved.

### **Equity-Related Instruments in General**

Suvretta may use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

### **Use of Leverage**

The Funds may utilize leverage. This results in the Funds controlling substantially more assets than they have equity. Leverage increases the Funds' returns if the Funds earn a greater return on investments purchased with borrowed funds than the Funds' cost of

borrowing such funds. However, the use of leverage exposes the Funds to additional levels of risk, including (1) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments, (2) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Funds' cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, Suvretta may find it difficult or impossible to obtain leverage for the Funds. In such event, the Funds could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in Suvretta being forced to unwind the Funds' positions quickly and at prices below what Suvretta deems to be fair value for such positions.

### Short Sales

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Funds' portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

### Non-U.S. Securities

Investing in securities of non-U.S. companies and governments that are generally denominated in non-U.S. currencies and utilization of options of non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### Small- to Medium-Capitalization Companies

The Funds may invest a portion of its assets in the stocks of companies with small- to medium-sized market capitalizations. While Suvretta believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in such stocks, an investment in these stocks may be more illiquid than that of large-capitalization stocks.



### Convergence Risk

The Funds may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying the Funds' trading positions were to fail to converge toward, or were to diverge further from, Suvretta's expectations, the Funds may incur a loss.

### Derivatives

To the extent that the Funds invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, the Funds may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Funds, and hence the Funds should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or delay constraints associated with enforcing rights to its assets in the case of an insolvency of any such party.

### Interest Rate Risk

The value of fixed income securities may change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities may decrease. Conversely, as interest rates fall, the market value of fixed income securities may increase. This risk will be greater for long-term securities than for short-term securities. Suvretta may attempt to minimize the exposure of the portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that Suvretta will be successful in fully mitigating the impact of interest rate changes.

### Portfolio Turnover

The investment strategy of the Funds may require Suvretta to actively trade the portfolio, and as a result, turnover and brokerage commission expenses of the Funds may significantly exceed those of other investment entities of comparable size.

### Risk Control Framework

No risk control system is fail-safe, and no assurance can be given that any risk control framework employed by Suvretta will achieve its objective. Target risk limits developed by Suvretta may be based upon historical trading patterns for the securities and financial

instruments in which the Funds invests. No assurance can be given that such historical trading patterns will accurately predict future trading patterns.

### Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

### Commodities and Futures Contracts

Futures markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the Funds may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting the Funds to substantial losses. Investing in futures contracts, options or commodities is a highly specialized investment activity entailing greater than ordinary investment risks.

### Special Situations

The Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security that has a value which may be less than the Funds' initial purchase price 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 Funds may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of its entire investment in such companies.

### Lack of Diversification

Although the Funds have no investment restrictions with respect to types of securities, countries or industry sectors, the Funds' portfolio may not be as diversified as other investment vehicles. Accordingly, the Funds' portfolio may be subject to more rapid change in value than would be the case if the Funds were required to maintain a wide diversification.

### Counterparty Risk

To the extent that the Funds invests in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or non-U.S. securities, the Funds take the risk of non-performance by the counterparty to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

### **ITEM 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or prospective client's evaluation of the Adviser's business or the integrity of the Adviser's management.

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

Neither Suvretta, nor the principal or any of its officers are registered as a broker-dealer or a representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer. Suvretta is also an exempt commodity pool operator.

Suvretta sponsored the formation of the private pooled investment vehicles it manages. The General Partner of the Onshore Fund is a related entity of Suvretta. Suvretta also selected the three directors for the Offshore Fund, two whom are independent. Although this arrangement may give Suvretta more control and discretion over the Funds, Suvretta manages any potential conflicts of interest by adhering to the investment strategy and investment allocation policies written in the Feeder Funds' confidential private placement memorandum.

The Adviser does not recommend or select other investment advisers for its clients.

### **ITEM 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Suvretta has adopted a Code of Ethics pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") which sets forth standards of ethical and

business conduct expected of its personnel and addresses conflicts that may arise from personal trading by its personnel. Suvretta's Code of Ethics, among other things, requires compliance with the U.S. federal securities laws; reflects Suvretta's fiduciary responsibilities and those of its personnel; prohibits certain personal securities transactions; requires Suvretta's personnel to periodically report their personal securities transactions and to pre-clear certain securities transactions; and addresses prevention of the misuse of material non-public information. The Code of Ethics will be provided to any investor or potential investor upon request.

Suvretta may trade and invest for its own account in securities and other financial instruments that are similar to or different from those in which its Clients invest. The Adviser will seek to resolve such conflicts of interest in a fair and equitable manner in accordance with its Code of Ethics (as described above).

On a daily basis, Suvretta's Chief Compliance Officer reviews all trades from the day before and may request immediate action from the investment team in case of any irregularity. Any irregularity is reported to the Chief Operating Officer.

Suvretta's personnel ("Adviser Personnel") may buy and sell certain securities for their own accounts that Suvretta buys and sells for its Clients so long as pre-clearance is obtained before executing any personal trade. Generally, Adviser Personnel are prohibited from buying and selling securities for their own accounts that are in the Funds' portfolio and/or are placed on Suvretta's restricted list. Suvretta's Chief Compliance may permit such personal trading on a case by case basis. Suvretta has established internal policies, including the adoption of a Code of Ethics (as discussed above), designed to ensure that Adviser Personnel do not unfairly benefit from personal trading at the expense of any of Suvretta's Clients.

## **ITEM 12 – Brokerage Practices**

In selecting broker-dealers to effect transactions for the Funds, Suvretta, subject to its written policies and overall duty to obtain "best execution" of transactions, has authority to consider the full range and quality of the services and products provided by various brokers. Suvretta will take into account such relevant factors as:

- Listed bid and ask prices;
- The opportunity for price improvement;
- Transaction costs;
- Anonymity;
- Liquidity;
- Speed of execution;
- Quality of research;
- Expertise with difficult securities;
- Trading style and strategy;
- Geographic location;
- Frequency of errors; and
- Access to new issues.

Suvretta is not required to solicit competitive bids and will not have an obligation to seek the lowest available commission cost. Accordingly, Suvretta may cause a Client to pay a broker-dealer that provides brokerage or research services (either directly or through third-party relationships) an amount of commission or transaction cost in excess of that which another broker-dealer would have charged, if Suvretta determines in good faith that such commission or transaction cost is reasonable in relation to the value of brokerage, research or other services provided. Suvretta does not consider investor referrals from broker-dealers when making brokerage allocation decisions.

#### Research, Other Soft Dollar Benefits and Directed Brokerage

Suvretta may pay higher commission prices for the purchase or sale of securities to receive research or other products or services other than execution from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a “soft dollar” relationship. Suvretta limits the use of “soft dollars” to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended (“Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; corporate access (including, but not limited to, meetings with corporate executives); consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When Suvretta uses Client commissions to obtain Section 28(e) eligible research and brokerage products and services, Suvretta’s Best Execution Committee meets periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the research, brokerage or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or Suvretta’s overall responsibilities to the accounts or portfolios over which Suvretta exercises investment discretion.

The use of Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, Suvretta will not

have to pay for the products and services itself. This creates an incentive for Suvretta to select or recommend a broker-dealer based on its interest in receiving those products and services. Suvretta 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), resulting in higher transaction costs for Clients.

In some instances, Suvretta may obtain a product or service that is used, in part, by Suvretta for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, Suvretta will make a good faith effort to determine the relative proportion of the product or service used to assist Suvretta in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be based on the actual use of the product or service by Suvretta's personnel. The proportion of the product or service attributable to assisting Suvretta in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by Client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Suvretta from its own resources. The determination of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between Suvretta and its Clients.

Suvretta may participate in "commission sharing arrangements" pursuant to which Suvretta may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and other products to Suvretta. Suvretta excludes from use under these arrangements those products and services that are not eligible under Section 28(e) and applicable regulatory interpretations.

In selecting brokers to execute transactions on behalf of the accounts of certain of its Clients, Suvretta may place transactions with a broker or dealer that (1) provides Suvretta with the opportunity to participate in capital introduction events sponsored by the broker-dealer; or (2) refers investors to a Fund, if otherwise consistent with seeking best execution. While Suvretta recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to Suvretta or otherwise refer prospective Clients or Fund Investors, Suvretta does not select broker-dealers in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

#### Order Aggregation and Best Execution

As of the date of this Brochure, Suvretta maintains one trading account for its Clients. The Feeder Funds invest substantially all of their assets in the Master Fund. If in the future it manages multiple Client accounts, Suvretta will adopt policies and procedures to address the aggregation and allocation of orders.

#### Trade Errors

Suvretta has established trade processes and procedures designed to reduce the likelihood of errors and, in its sole discretion, will determine what constitutes a trade error.

Suvretta's general policy is to seek to identify and correct any trade errors promptly and in a way that mitigates any losses. Trade errors in the Funds will be borne by the Fund unless an error is the result of gross negligence, willful misconduct or violation of applicable laws by Suvretta. Suvretta does not provide reimbursement for lost opportunity costs.

### **ITEM 13 – Review of Accounts**

Aaron Cowen, Managing Member and the Funds' portfolio manager, and Suvretta's team of investment professionals will be primarily responsible for ensuring that the Funds' portfolio holdings are consistent with the terms of the management or advisory agreements and the Funds' disclosures set forth in the confidential private placement memorandum. Suvretta's operations team reconciles and reviews all portfolio activity and portfolio reports on a daily basis to ensure accuracy of all securities, quantities and prices contained therein. In addition, Suvretta's operations team performs legal and compliance reviews of each Fund on a daily basis to ensure adherence with compliance requirements.

Suvretta will generally send Fund Investors unaudited monthly net asset value statements and quarterly letters regarding the performance of the Funds. Fund Investors will also receive annual financial statements produced by an independent public accounting firm within 120 days of the fiscal year end and, if applicable, information necessary for a Fund Investor to complete its annual income tax return.

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

As stated in Item 12, Suvretta may allocate portfolio transactions to brokers or dealers who provide research and/or related services.

Suvretta may enter into referral or distribution agreements with broker-dealers and other third party solicitors as placement agents (altogether "Third Party Solicitors") to introduce the Funds to prospective investors. Pursuant to these agreements, Suvretta would pay a percentage of the management and/or performance based fee collected from the Client to the Third Party Solicitor. Suvretta would require Third Party Solicitors to provide written disclosure to the prospective investor of any such arrangement, including payment arrangements to such parties, if any. Referred investors should ensure that they receive and read the disclosure document from the Third Party Solicitor.

### **ITEM 15 – Custody**

Even though Suvretta does not to accept or maintain physical possession of any of its Clients' assets, Suvretta is deemed to have custody of their assets under Rule 206(4)-2 of the Advisers Act (the "Custody Rule") because it has the authority to access Clients' funds and deduct fees and expenses from Clients' accounts.

In compliance with the Custody Rule, Suvretta maintains all of the Funds' assets at prime brokers or ISDA counterparties, all of whom are qualified custodians. Suvretta also (1) engages an independent public accounting firm, that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, to audit the Clients' accounts at the end of each fiscal year and (2) distributes the results of the audit in audited

financial statements that are prepared in accordance with United States generally accepted accounting principles to all Fund Investors within 120 days after the end of the fiscal year.

#### **ITEM 16 – Investment Discretion**

Suvretta accepts discretionary authority to manage its Clients' assets through an investment management agreement with its Clients.

Additionally, with respect to the Feeder Funds, before accepting their subscriptions for interests or shares in the Feeder Funds, as applicable, Suvretta provides all potential investors in the Feeder Funds with a confidential private placement memorandum, which sets forth in detail the investment strategy and program. By completing the subscription documents to acquire an interest or shares in one of the Feeder Funds, investors give Suvretta complete authority to manage the capital contributed in accordance with the offering document received.

#### **ITEM 17 – Voting Client Securities**

Suvretta has the authority to vote the proxies of companies on behalf of its Clients. In voting proxies, Suvretta is guided by general fiduciary principles. Suvretta's goal is to act prudently, solely in the best interests of its Clients and consistent with efforts to achieve a Client's stated objectives, including maximizing portfolio value. Because Suvretta provides investment advice to commingled investment entities, individual investors in the Funds will not be able to direct Suvretta on how to cast a proxy vote.

It is Suvretta's policy to exercise voting rights on behalf of its Clients in the interest of maximizing the value of the Clients' assets. Consistent with its fiduciary duty, Suvretta will vote in a way that it believes will cause the value of the investment to increase the most or decline the least over time. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote. Suvretta has in place voting procedures designed to enable it to resolve material conflicts of interest that may arise between Suvretta and its Clients before exercising voting rights.

Suvretta is not required to vote every Client proxy and abstaining from voting Client proxies should not necessarily be construed as a violation of Suvretta's fiduciary obligations. Suvretta shall at no time ignore or neglect its proxy voting responsibilities. However, there may be times when refraining from voting is in the Clients' best interest, such as when Suvretta's analysis of a particular Client proxy reveals that the cost of voting the proxy may exceed the expected benefit to the Client.

Suvretta's Chief Compliance Officer will reasonably try to assess whether Suvretta is subject to any material conflict of interest in connection with each proxy vote. So long as there are no material conflicts of interest identified, Suvretta will vote proxies according to the policy set forth above. Suvretta may also elect to abstain from voting if it deems such abstinence in its Clients' best interests. It is impossible to anticipate all material conflicts of interest that could arise in connection with proxy voting.



Clients may contact the Chief Compliance Officer in order to obtain a copy of Suvretta's Proxy Voting Policies and Procedures as well as information about how Suvretta voted a client's proxies by contacting Andrew Nathanson by email at [anathanson@suvcap.com](mailto:anathanson@suvcap.com) or by telephone at (212) 702-5205.

#### **ITEM 18 – Financial Information**

Not Applicable.