

# **Turret Capital Management, LP**

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New York, NY 10105**

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This Brochure provides information about the qualifications and business practices of Turret Capital Management, LP. If you have any questions about the contents of this Brochure, please contact us at information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Registration as an investment adviser does not imply that Turret Capital Management, LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business. The oral and written communications of an Investment Adviser provide you with information about which you can determine to hire or retain an Investment Adviser.

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

**Item 2: Material Changes**

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Item 5 has been amended to reflect Anthony Gallo as the Firm's Chief Compliance Officer (CCO).

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**Item 4: Advisory Business**

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Turret Capital Management, LP is a Delaware limited partnership (hereinafter “**Turret Capital**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) founded by Daniel Chai, the principal owner of the Firm, in April 2016. Mr. Daniel Chai serves as Turret Capital’s “Principal” and controls the Investment Manager through his position as the managing member of Turret Capital LLC, the General Partner (“**General Partner**”) of the Investment Manager.

Turret Capital provides discretionary and non-discretionary investment management services to separately managed accounts (“**SMA**s”) on behalf of investors. The Firm may in the future also provide discretionary investment management services to qualified investors through its private pooled investment funds; Turret Healthcare Balanced Master Fund, LP (the “**Master Fund**”); Turret Healthcare Balanced Fund, LP (the “**Onshore Fund**”) and Turret Healthcare Balanced Fund International, Ltd. (the “**Offshore Fund**”). The Onshore and Offshore Funds will invest all of their investible assets in the Master Fund. Unless specified, from hereinafter the Master Fund, Offshore Fund and Onshore Fund will each be referred to as a “**Fund**”, or collectively as the “**Funds**”, and together with the SMA’s, as “**Clients**”.

The Funds will be managed pursuant to the objectives specified in the materials by which each Fund offers its ownership interests to investors, or as specified in the investment management agreement (“**IMA**”) with each SMA. Turret Capital will not tailor its Funds to individual client needs and the Funds’ investors do not have the right to specify, restrict, or influence the Funds’ investment objectives or any investment or trading decisions.

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**Item 5: Fees and Compensation**

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Our fees and compensation are described in the advisory contracts entered into with our Clients.

Separately Managed Accounts

The Firm’s fees and compensation are described in the IMAs entered into with each separately managed account. The Firm may charge SMAs an asset-based fee pursuant to an agreed upon schedule per each IMA (the “**SMA Management Fee**”), which will be subject to any Carryforward loss (“**Carryforward**”). The Firm may, in its sole discretion, waive all or part of the management fee with respect to any SMA account.

The frequency with which SMAs will be charged an SMA Management Fee will be subject to the terms of IMA between us and the SMA.

The Funds

We may, in the future, undertake management of separately pooled vehicles. At that time, the following provision in regards to their management will apply unless otherwise stated in the Funds offering documents or side letter agreements.

We will generally receive a management fee (the “**Management Fee**”) at fiscal quarter. The Management Fee will be equal to (i) 0.375% (1.5% per annum) of the beginning net asset value of each Series Capital Account corresponding to a Capital Account of a Group A Limited Partner and (ii) 0.438% (1.75% per annum) of the beginning net asset value of each Series Capital

Account corresponding to a Capital Account of a Group B Limited Partner. The Management Fee will be calculated and paid in advance but will be amortized monthly by the Master Fund over the fiscal quarter for which such Management fee is paid.

The Fund will pay the Management Fee within 10 days of each fiscal quarter, or as soon as reasonably practicable thereafter. The General Partner may, without the consent of certain qualified investors ("Limited Partners"), cause the Management Fee to be charged to, and paid by, the Master Fund instead of the Fund.

At the sole discretion of Turret Capital, LLC, the General Partner ("**General Partner**"), the Management Fee may be waived, reduced or calculated differently with respect to the accounts of certain investors.

The General Partner of the Master Fund, or its affiliates, will generally also receive an incentive allocation, subject to a "high water mark", based on the net capital appreciation of the Master Fund, including unrealized gains and losses. Generally, at the end of each Fiscal Year, other than an Unrecovered Loss Year, the Master Fund will reallocate from each Series Capital Account to the Master Fund capital account of the General Partner, in its capacity as general partner of the Master Fund, a performance allocation (the "Performance Allocation") in an amount equal to the applicable Performance Allocation Rate multiplied by the excess, if any, of an amount of the Master Fund's net capital appreciation for such Fiscal Year allocated to a Series Capital Account after reduction by an amount equal to the Management Fee and any other partner-specific expenses (and any expenses incurred directly by the Fund, other than Investor Related Taxes) debited to such Series Capital Account for such Fiscal Year; provided, however, that the net capital appreciation upon which the calculation of the Performance Allocation is based will be reduced to the extent of any unrecovered balance remaining in the Loss Recovery Account maintained on the books and records of the Fund for such Series Capital Account. The Performance Allocation will also be made with respect to net capital appreciation attributable to amounts withdrawn and to amounts transferred (provided that such transfer results in a change in the beneficial ownership of the Interest transferred) and in connection with the termination of the Fund or the Master Fund.

The General Partner, an affiliate of Turret Capital, will receive the performance allocation from the Master Fund. The "**Performance Allocation Rate**" means: (i) 17.5% for a Series Capital Account corresponding to Group A Interests; and (ii) 20% for a Series Capital Account corresponding to Group B Interests, in each case on an annual basis. The General Partner may allocate this performance fees to other parties, including to parties that are affiliates of the General Partner.

The Performance Allocation will be determined separately with respect to each Series Capital Account established in respect of a Limited Partner's Capital Account(s). Accordingly, it is possible that a Performance Allocation may be made with respect to one Series Capital Account even though another Series Capital Account attributable to the same Limited Partner has not appreciated, or has depreciated, in value during the same period.

The Master Fund will maintain a loss recovery account (a "**Loss Recovery Account**") for each Series Capital Account that tracks the losses that must be recouped before a Performance Allocation can be made with respect to such Series Capital Account (i.e., tracks the "**high water mark**" of such Series Capital Account). The balance in each Series Capital Account's Loss Recovery Account is adjusted at the end of each Fiscal Year to reflect the aggregate net capital depreciation with respect to such Series Capital Account, if any, and is adjusted as necessary to account for net capital appreciation and intra-year withdrawals. Solely for purposes of determining an adjustment to the balance of a Series Capital Account's Loss Recovery Account, net capital appreciation and net capital depreciation for any applicable

period will be calculated by taking into account the amount of the Management Fee, if any, debited to such Series Capital Account for such period. Additional capital contributions do not affect the balance of any Loss Recovery Account. The Performance Allocation is not made with respect to a Series Capital Account until the balance of such Series Capital Account's Loss Recovery Account has been reduced to zero.

The Fund will bear its own expenses and its pro rata share of the Master Fund's expenses, including, without limitation, the following: the Management Fee; investment expenses (e.g., expenses that, in the Firm's discretion, are related to the investment of the Master Fund's assets, whether or not such investments are consummated, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, interest expenses, expenses relating to research (including, by way of example, conference fees, journal subscriptions, costs of performing due diligence and research-related travel expenses) and investment-related travel expenses); professional fees (including, without limitation, expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments and potential investments; fees and expenses relating to software tools, programs or other technology utilized in managing the Master Fund's portfolio (including, without limitation, third-party software licensing, implementation, data management and recovery services and custom development costs), researching investments, evaluating and managing risk, facilitating valuations, facilitating accounting functions, facilitating compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations), facilitating and managing the order execution of securities or otherwise managing the Master Fund or any trading subsidiary, portfolio management systems, risk management systems and order management systems; research and market data (including, without limitation, any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); administrative expenses (including, without limitation, fees and expenses of the Administrator); legal expenses; external accounting and valuation expenses (including, without limitation, costs relating to valuation software); audit and tax preparation expenses; expenses for U.S. and non-U.S. tax-related filings (e.g., FATCA and Common Reporting Standards); costs related to insurance for the General Partner and the Firm; directors' fees and expenses; costs of printing and mailing reports and notices; entity-level taxes; regulatory expenses (including, without limitation, expenses related to preparing and making regulatory and compliance filings associated with the Fund and its investment activities, such as filing fees and costs of software, systems and consultants utilized in connection with the preparation and making of such filings); organizational expenses; expenses incurred in connection with the offering and sale of the Interests and other similar expenses related to the Fund (other than any fees payable to any placement agent, which will be paid by the Firm or its affiliates); indemnification expenses; and extraordinary expenses.

Generally, Fund expenses, other than the Management Fee and any expenses which the General Partner determines in its sole discretion should be allocated to a particular Partner or Partners (including withholding taxes and Investor-Related Taxes), will be charged to the Capital Accounts of all the Partners on a pro rata basis. To the extent that expenses to be borne by the Fund are paid by the General Partner or the Firm, the Fund will reimburse such party for such expenses.

If any of the expenses listed above are incurred for the account of the Fund as well as for any Other Accounts (such as discretionary accounts), such expenses will be allocated among the Fund and such Other Accounts in proportion to the size of the investment made by each to

which such expense relates, or in such other manner as the General Partner considers fair and equitable.

Unless waived by the Firm, each of the Clients will also pay, or reimburse the Firm, for their respective organizational fees and expenses.

The Firm may in its discretion bear some or all of the Clients' initial organizational and offering fees and expenses (including the costs of preparing the offering documents), administration expenses, custodial expenses and certain research-related expenses.

The Firm and its employees do not accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

The Funds and/or the Firm may enter into "side letter" agreements with certain investors pursuant to which they may give such investors access to more frequent and/or more detailed information regarding the Funds' securities positions, performance and finances. In addition, pursuant to such side letter agreements or through the issuance of separate sub-classes, certain investors may receive the right to redeem/withdraw all or a portion of their securities in the Funds on shorter notice and/or with more frequency than the terms described in the Fund's offering documents (usually through the issuance to such investors of a separate class of shares). As a result, certain investors may be better able to assess the prospects and performance of the Funds than other investors, and may be able to redeem/withdraw their securities in the Funds at times when other investors may not. The Funds are not required to and do not intend to disclose the terms of any side letter agreements and are not required to and do not intend to disclose the identities of the investors that have entered into such agreements with the Funds or the Firm.

For additional information surrounding this policy please contact Anthony Gallo, Turret Capital's Chief Compliance Officer ("CCO").

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

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### Separately Managed Accounts

As mentioned above, we may enter into agreements that would allow us to charge a performance-based fee with respect to a SMA.

Performance-based allocation arrangements may create an incentive for the Firm to recommend investments which may be riskier or more speculative than those which would be recommended under a different arrangement. Such arrangements may also create an incentive to favor higher paying Clients over other accounts in the allocation of investment opportunities. We have designed and implemented procedures to ensure that all Clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities. Our procedures also require the objective allocation for Clients to ensure fair and equitable allocation among accounts. These areas are monitored by the CCO.

### The Funds

The General Partner, or its affiliates, will generally receive an incentive allocation, subject to a "high water mark", based on the net capital appreciation of the Master Fund, including unrealized gains and losses. When calculating the incentive allocation, the Management Fee and all items of income and expense at the Fund level will be taken into consideration.

Performance-based allocation arrangements may create an incentive for the Firm to recommend investments which may be riskier or more speculative than those which would be recommended under a different arrangement. Such arrangements may also create an incentive to favor higher paying Clients in the allocation of investment opportunities. We have designed and implemented procedures to ensure that all Clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among Accounts. Our procedures also require the objective allocation for Clients to ensure fair and equitable allocation among accounts. These areas are monitored by the CCO.

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**Item 7: Types of Clients**

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The Firm's clients are the Funds and SMAs.

**Separately Managed Accounts**

We currently provide investment management services to managed account arrangements primarily to institutional investors.

There is no stated minimum threshold for an SMA client account, but Clients must meet certain eligibility requirements. We may, at our discretion, provide investment management services to other types of investors subject to eligibility requirements. As mentioned above, each SAM will be subject to and follow a determined and agreed upon investment objective, stated in each IMA, and will be invested in a broad range of securities and financial instruments mostly focused on publicly traded equity securities in the Healthcare Industry.

**The Funds**

As discussed in Item 4, we may, in the future, provide investment management services on a discretionary basis through a private pooled investment vehicle applicable to high-net worth individuals and institutional investors that satisfy eligibility requirements.

The minimum initial capital contribution for each investor is \$1,000,000. An investor may make additional capital contributions to the Fund in amounts of at least \$100,000. All subscriptions for the Interest are irrevocable. The Funds, by discretion of the General Partner, in their sole discretion may accept capital contributions of lesser amounts or establish different minimums or reject any capital contribution, in whole or in part.

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

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**Objective**

Our investment objective is to generate attractive risk adjusted rates of return through investments in the global healthcare industry. Implementation of this objective will be accomplished through the application of a rigorous fundamental research approach, within the framework of a disciplined investment and risk management process. We will invest in publicly traded equity securities and other equity-related financial instruments issued by companies in the global healthcare industry. The healthcare industry is comprised of companies that compete and participate in areas such as pharmaceuticals, specialty



pharmaceuticals and generics, biotechnology, medical devices, medical supplies, diagnostics, healthcare delivery and services, and healthcare information systems.

It is the Firm's view that the global healthcare sector is a dynamic and innovative industry with many successes and failures. While attention will be paid to general macro-economic conditions, the primary driver of the investment decision process is fundamental research. It is the Firm's view that research is the most important factor that drives the investment decision making process. In addition to research, other factors are incorporated into the investment process. These include the identification of companies that offer attractive risk reward valuations and the identification and presence of a thesis generating event or catalyst.

### **Investment Process**

Our strategy is to identify companies that are both best positioned and worst positioned within the broader secular trends of the global healthcare industry. We will seek to construct a portfolio that best expresses this view with consideration of the following:

- Utilize an investment process that takes into consideration valuation and level of conviction in a thesis generating event.
- Concentrate holdings for both long and short positions in the highest conviction ideas.
- Adjust portfolio holdings accordingly to take advantage of price movements and level of conviction of underlying research investment theses.
- Utilize a fundamental based research approach to idea generation and the assessment of investment factors.

We will invest in public healthcare companies both long and short across the spectrum of market capitalizations.

The Firm may draw on its network of contacts, senior management of potential target investments, and other professionals in order to implement the investment strategy. This allows for the early identification of industry trend changes, allowing the Firm to establish its thesis before other market participants.

We will focus investments on U.S. companies in addition to addressing opportunities in other developed markets. We may own hedges against foreign currency fluctuations using forward contracts or other financial instruments. The distribution of exposure by sub-sector will vary, enabling us to seek to maximize shifting opportunities across the broader healthcare industry.

### **Risk of Investing in the Healthcare Sector.**

We intend to invest a substantial portion of our portfolio in healthcare-related companies. Healthcare-related companies are generally subject to greater governmental regulation than other companies at both the state and federal levels. Changes in governmental policies may have a material effect on the demand for, or costs of, certain products and services. A healthcare-related company must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost-recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company's revenues and profitability. Certain healthcare-related companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon

expiration, other companies may market substantially similar "generic" products which cost less to develop and may cause the original developer of the product to lose market share or reduce the price charged for the product, resulting in lower profits for the original developer. Finally, because the products and services of healthcare-related companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability lawsuits. The share price of a healthcare-related company can drop dramatically not only as a reaction to an adverse judicial ruling, but also from the adverse publicity accompanying threatened litigation.

**Rapid Growth Industry and Related Risks.**

Our focus on companies involved in the healthcare industry (e.g. biotechnology, healthcare, pharmaceutical) will expose it to the risks of rapidly changing technology, evolving industry standards, evolving customer demands, frequent new product and service introductions and extensive governmental regulation, over which we will have no control. As a result, no assurance can be given that our investments will not result in substantial or complete losses. Risks generally applicable to the companies in the biotechnology, pharmaceutical and healthcare-related industries include, but may not be limited to, product development (uncertainty about the timing, efficacy, side effects, and market potential of new products), commercial(new/existingcompetition,third-partyreimbursement/pricing, pressures/manufacturing), regulatory (timing/status of FDA approvals, label changes on existing products), patent (market share/price erosion, potential litigation), personnel retention (management, scientist, sales representatives, clinical investigators), and delays/overestimating in-house and outsourced abilities (products, regulatory, management, in-licensing).

The future success of a portfolio company may depend in significant part on its ability to improve the performance and reliability of its services in response to both the evolving demands of the market and competitive product offerings. A portfolio company's efforts in these areas may not be successful and a portfolio company's business could be adversely affected if it were to incur delays in developing new products or enhancements, or if such products or enhancements did not gain market acceptance. In addition, there can be no assurance that products or technologies developed by others will not render a portfolio company's products uncompetitive or obsolete.

Intellectual property rights in the fields of medical devices, diagnostics, pharmaceuticals and biotechnology are highly uncertain and may involve complex legal and scientific questions. Healthcare companies may not be able to obtain additional issued patents relating to their products, methods, processes, services or other technologies. Even if issued, patents may be challenged, narrowed, invalidated or circumvented, or others may obtain patents claiming aspects similar to those covered by such patents and patent applications, which factors could limit a company's ability to stop competitors from marketing similar products or services, limit the length of term of patent protection they may have for their products or services, and expose them to substantial costs and risks in litigation and administrative proceedings and drain resources. Changes in either patent laws or in interpretations of patent laws in the United States and other countries may diminish the value of a company's intellectual property or narrow the scope of its patent protection.

The testing and marketing of medical products and technologies entail an inherent risk of product liability. Accordingly, companies in the healthcare industry may be exposed to potential liability risks inherent in the testing, manufacturing, marketing and sale of healthcare

products and/or the provision of healthcare services. A liability claim or the imposition of liability may have an adverse effect on the market prices of a company's securities.

**Risks Relating to Investment Strategies**

No guarantee or representation is made that our investment program, including, without limitation, our investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time.

**Micro-, Small- and Medium-Capitalization Companies**

Investments in securities of micro- and small-capitalization companies involve higher risks in some respects than do investments in securities of larger “blue-chip” companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile and may not be based on standard pricing models. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, “blue-chip” companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

*Availability of Investments* - Certain markets in which we may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Firm will be able to identify or successfully pursue attractive investment opportunities in such environments.

*Volatility Risk* – Our investment program may involve the purchase and sale of relatively volatile Securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such Securities and/or markets can adversely affect the value of investments held by our Clients.

*Event-Driven* - The success of our event-driven investment strategy depends upon the Firm’s ability to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company’s securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Firm had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed 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 security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a U.S. federal or state regulatory agency; (iii) efforts by the target company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable U.S. federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event-driven investing, the results of our operations may be expected to fluctuate from period to period.

*Options* – We may engage in various types of options transactions, including the use of options to hedge securities investments. Hedging may reduce the risks of both short-selling and taking long positions in certain transactions. We may also establish options positions when we believe that they present more favourable risk/reward characteristics than owning the underlying security or when the underlying security could be potentially involved in a bankruptcy situation or takeover attempt.

*Derivatives (Other)* – We may also engage in various types of other derivative transactions. Such derivative transactions may include futures contracts, forward contracts, swaps and other derivative instruments, and may be used for hedging purposes. We may establish positions when the Firm believes that derivative securities present more favourable risk/reward characteristics than owning the underlying security or when the underlying security could be potentially involved in a bankruptcy situation or takeover attempt.

*Initial Public Offerings* - In the event we invest assets in initial public offerings ("IPOs"), the following established procedures regarding "new issue" securities. The General Partner or SMA will establish a separate brokerage account in which such securities are to be held, and no other activity will take place in such account. Unless otherwise permitted by FINRA Rule 5130 and as determined by the General Partner or SMA, any profit or loss earned on investment or trading in such account is allocated solely to Limited Partners who are not considered to be "Restricted Persons" for purposes of FINRA Rule 5130.

*Long/Short* - The success of our long/short investment strategy depends upon the Firm's ability to identify and purchase Securities that are undervalued and identify and sell short Securities that are overvalued. The identification of investment opportunities in the implementation of our long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying our positions were to fail to converge toward, or were to diverge further from values expected by the Firm, us or our Clients may incur a loss. In the event of market disruptions, significant losses can be incurred which may force us to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Firm's long/short strategies may become outdated and inaccurate as market conditions change.

*Short Selling* - The success of our short selling investment strategy depends upon the Firm's ability to identify and sell short Securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying Security could theoretically increase without limit, thus increasing the cost to us or our Clients of buying those Securities to cover the short position. There can be no assurance that we will be able to maintain the ability to borrow Securities sold short. In such cases, we can be "bought in" (i.e., forced to repurchase Securities in the open market to return to the lender). There also can be no assurance that the Securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing Securities to close out a short position can itself cause the price of the Securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and we may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged

basis. Lastly, even though we secure a “good borrow” of the Security sold short at the time of execution, the lending institution may recall the lent Security at any time, thereby forcing us to purchase the Security at the then- prevailing market price, which may be higher than the price at which such Security was originally sold short by us.

*Diversification and Concentration* - The Firm may select investments that are concentrated in a limited number or types of Securities. In addition, our portfolio is expected to be significantly concentrated in Securities related to a single industry healthcare – and may be concentrated in a limited number of issuers, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose our clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such Securities.

*Discretion of the Firm; New Strategies and Techniques* - While the Firm will generally seek to employ the representative investment strategies and techniques discussed herein, the Firm (subject to the policies and control of the General Partner, in its capacity as general partner of the Funds or policies and control establish in the IMA) has considerable discretion in the types of Securities we may trade and have the right to modify the investment strategies and techniques of our Funds without the consent of the Limited Partners. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to our Clients. In addition, any new investment strategy or technique developed by us may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment.

*Leverage for Investment Purposes* - The use of leverage will allow us to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of our portfolio. The effect of the use of leverage by us in a market that moves adversely to its investments could result in substantial losses to our Clients, which would be greater than if we were not leveraged.

*Borrowing for Cash Management Purposes* – We have discretionary authority to borrow for cash management purposes, such as to satisfy withdrawal requests for some of our clients. The rates at and terms on which we can borrow will affect the operating results. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on our portfolio.

*Lack of Control* – We may invest in debt instruments and equity securities of companies that it does not control, which we may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such Securities will be subject to the risk that the issuer may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve our clients interests. In addition, we may share control over certain investments with co-investors, which may make it more difficult for us to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on our clients’ investments therein.

**Item 9: Disciplinary Information**

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This Item is inapplicable.

**Item 10: Other Financial Industry Activities and Affiliations**

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The management and employees of Turret Capital plan to dedicate substantially all of their professional efforts to the Firm and its affiliates.

The Firm and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

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***Participation or Interest in Client Transactions***

Employees, affiliates of the employees, and relatives of the employees may make investments in the Funds. This may present a conflict where an employee is in a position to trade in a manner that could adversely affect the Funds (for example, by placing his or her own trades before or after Fund trades are executed in order to benefit from any price movements due to the Funds' trades). As indicated above, we have adopted a pre-clearance policy in an effort to minimize such conflicts.

***Code of Ethics and Personal Trading***

Turret Capital has adopted a "**Code of Ethics**" that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees' personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

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

- Employees must at all times place the interests of the Funds first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their position at the Firm.

All of our employees are required to direct their brokers to send duplicate copies of personal discretionary brokerage account statements to the CCO. These records are used to monitor compliance with Turret Capital's employee personal trading policies. Employees must also obtain pre-approval from the CCO before: (i) purchasing or selling securities; (ii) engaging in any outside business activities; (iii) making any private investments, or (iv) receiving an allocation of an initial public offering.

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

**Item 12: Brokerage Practices**

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The Firm is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates; therefore, the Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm’s authority is limited by its own internal policies and procedures and each Fund’s investment guidelines.

***Best Execution***

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

***Soft Dollars***

The Firm may use “**Soft Dollars**” generated by the Funds’ trading activities to purchase research services or products that would otherwise have been the Firm’s expense. The Firm intends to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

***Aggregation***

In general, the Firm aggregates trade orders for Clients to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

The Firm reserves the right, in its sole discretion, to change brokerage and custodial arrangements for the Funds without further notice to investors.

***Allocation***

Turret Capital’s policy prohibits any allocation of trades in a manner that results in more favorable treatment for the Firm’s proprietary accounts, affiliated accounts, or any Funds.

Turret Capital has adopted a policy for the fair and equitable allocation of transactions that generally analyses each trade, taking into consideration the specifics of each trade and the characteristics of each Fund and SMA as applicable.



**Item 13: Review of Accounts**

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Our portfolio managers and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of each SMA and Fund to ensure that they conform with the investment objectives and guidelines that are stated in the IMA for each SMA and each Funds' offering documents. In these reviews, the Firm pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels. We engage in active management for all of our Clients and the Firm reviews transactions, positions and cash balances.

***Account Reporting***

We may distribute an audited financial report with respect to the previous fiscal year to all Investors within 120 days of fiscal year end. We may also distribute monthly unaudited net asset value statements, month-end performance reports, monthly investor statements from the fund administrator, monthly performance and risk reports, and annual K-1s.

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

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This Item is inapplicable.

**Item 15: Custody**

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We are currently not deemed to have custody of clients' assets. However, should we be considered to have custody of client assets in the future, will comply with Rule 206(4)-4 of the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision, and annually, upon completion of the Funds' annual audit, we will distribute the audited financials to Investors within 120 days of the Funds' fiscal year end.

**Item 16: Investment Discretion**

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We will have full discretionary authority over SMAs, and any future Funds, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities. Prior to assuming full discretion in managing the SMA assets, the Firm enters into an IMA that sets forth the scope of its discretion. Additionally, the Firm will have full discretion over the broker-dealers to be used for transactions and the commissions to be paid to those broker-dealers for the Fund and may have discretion for SMAs. These terms are established in the offering documents of each Fund or the SMAs IMA.

**Item 17: Voting Client Securities**

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The Firm intends to vote proxies on a case-by-case basis. Prior to voting a proxy, the relevant employees of the Firm will make a determination, in their opinion, as to what vote if any, is in the best interest of our Clients. The Firm maintains written records of the proxy vote on each occasion a proxy is voted.



Investors in any of the Funds may not direct the voting of proxies.

If a material conflict of interest between the Firm and the Funds should arise, the Firm will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Funds or take another appropriate action.

Clients may request a copy of the Firm's proxy voting policy, as well as the records of any proxy votes for the respective Fund in which they have an investment.

**Item 18: Financial Information**

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This item is inapplicable.