



**SUVRETTA**  
CAPITAL MANAGEMENT

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

### **Suvretta Capital Management, LLC**

**March 27, 2023**

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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, General Counsel and Chief Compliance Officer, (the "CCO") 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 is also 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 (as described within) 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 Brochure dated March 28, 2023 has been updated to replace the version dated March 28, 2022. This Brochure reflects changes to the business of Suvretta Capital Management, LLC (“Suvretta”) and other clarifying changes, including those summarized below:

- Removed discussion of Suvretta Long Partners, LP, Suvretta Long Fund, Ltd. and Suvretta Long Master Fund, Ltd. to reflect the pending dissolution of such funds in accordance with their respective constitutive documents, and the liquidation and termination of trading of such funds’ portfolios, which were effective as of December 31, 2022
- Added information on a new Fund managed by Suvretta
- Enhanced disclosure of Expenses
- Enhanced disclosure of risk factors, including with respect to conflicts of interest

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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. The owner of the Adviser is Suvretta Capital, LP, a Delaware limited partnership, and its general partner is Suvretta Capital GP, LLC, a Delaware limited liability company. As of December 31, 2022, Suvretta’s regulatory assets under management were approximately \$5,162,300,000<sup>1</sup>. As of the date of this filing, Suvretta does not manage any assets on a non-discretionary basis.

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 Suvretta manages include:

- Suvretta Partners, LP (the “Onshore Fund”) and Suvretta Offshore Fund, Ltd. (the “Offshore Fund”), which invest substantially all of their assets in Suvretta Master Fund, Ltd. (the “Suvretta Fund,” and collectively with the Onshore Fund and the Offshore Fund, the “Long-Short Funds”);
- Averill Partners, LP (“Averill Onshore”) and Averill Fund, Ltd. (“Averill Offshore”), which invest substantially all of their assets in Averill Master Fund, Ltd. (“Averill Master,” collectively with Averill Onshore and Averill Offshore, the “Averill Funds”);
- Averill Opportunities Fund I LLC (“Averill Co-Invest Onshore”), which invest substantially all of its assets in Averill Opportunities Offshore Fund I LP (“Averill Co-Invest Mini-Master,” collectively with the Averill Co-Invest Onshore, the “Averill Co-Invest Funds,” and collectively with the Suvretta Fund, the Long Fund and Averill Master, the “Master Funds”) alongside other Fund Investors who invest directly in the Averill Co-Invest Mini-Master; and
- Averill Madison Partners, LP (“Madison Onshore”) and Averill Madison Fund, Ltd. (“Madison Offshore”), which invest substantially all of their assets in Averill Madison Master Fund, Ltd. (“Madison Master,” collectively with Madison Onshore and Madison Offshore, the “Madison Funds”)

Suvretta GP, LLC (the “GP”) serves as the general partner to the Onshore Fund and a holder of certain allocation class shares in the Master Fund. Averill GP, LLC (“Averill GP”) serves as the general partner to Averill Onshore and a holder of certain allocation class shares in Averill Master. Averill Opportunities, LLC (“Averill Co-Invest GP”) serves as the general partner and managing member to Averill Co-Invest Funds, as applicable. Averill Madison GP, LLC (“Madison GP”) serves as the general partner to Madison Onshore and a holder of certain

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<sup>1</sup> Although the discussion regarding Suvretta Long Partners, LP, Suvretta Long Fund, Ltd. and Suvretta Long Master Fund, Ltd. has been removed throughout this Brochure to reflect the pending dissolution of such funds and the liquidation and termination of trading of such funds’ portfolios, their assets are included in the RAUM number reported as of 12/31/22.

allocation class shares in Madison Master. The GP, Averill GP, Averill Co-Invest GP and Madison GP (collectively, the “General Partners”) are related entities of Suvretta.

The Onshore Fund, Averill Onshore and Madison Onshore are Delaware limited partnerships and Averill Co-Invest Onshore is a Delaware limited liability company (altogether the “US Funds”). Interests in the US Funds 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 defined under Regulation D of the Securities Act and “qualified purchasers” as defined under the IC Act, subject to certain other conditions, which are set forth in each US Fund’s offering documents.

The Offshore Fund, Averill Offshore and Madison Offshore are exempted companies incorporated under the laws of the Cayman Islands and Averill Co-Invest Mini-Master is a Cayman Islands exempted limited partnership (altogether the “Cayman Funds”). Shares or interests in the Cayman Funds are generally offered to persons on a private placement basis who (1) are not “U.S. persons,” as defined under Regulation S of the Securities Act, or such U.S. persons that may be offered interests in the US Funds, as described above, but are tax-exempt (or entities substantially comprised of tax-exempt U.S. persons), and (2) are subject to certain other conditions, which are set forth in each Cayman Fund’s offering documents.

Each Master Fund, but for Averill Co-Invest Mini-Master, is an exempted company incorporated under the laws of the Cayman Islands. The purpose of each Master Fund is to achieve trading and administrative efficiencies. Each of the US Funds and the Offshore Funds (together, the “Feeder Funds”) invests all of its Investment Assets in its complex’s applicable Master Fund. “Investment Assets” means all assets other than cash, money market securities and other liquid assets held for pending contribution to the Master Fund, distribution to investors, or payment of feeder-level expenses. Thus, an investment in the Feeder Funds is the functional and economic equivalent of an investment in a Master Fund.

With regards to the Long-Short Funds, 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. Suvretta, through the Long-Short Funds, may invest in privately placed unregistered securities that do not have a readily ascertainable market value or other illiquid securities which may be valued but are not freely transferable (which are defined and designated as “Designated Investments”), subject to a 10% limitation as defined in the Onshore Fund’s and the Offshore Fund’s confidential private placement memorandums.

With regards to the Averill and Madison Funds, Suvretta seeks to achieve risk-adjusted capital appreciation through a range of investment instruments in the healthcare industry, by adhering to its investment philosophy of generating returns through fundamental, bottom-up stock selection. With respect to the Averill Funds, Suvretta seeks to invest in companies in therapeutics-related companies, namely within the biotechnology and pharmaceuticals sectors, but may also invest in medical technology, healthcare services and other related sub-sectors. With respect to the Madison Funds, Suvretta seeks to invest primarily in companies in the healthcare sector, mostly defined as healthcare equipment and services, pharmaceuticals, biotechnology and life sciences, and other related sub-sectors. Suvretta, through each of the Averill Funds and Madison Funds, may invest in Designated Investments,

subject to a 25% limitation as defined in Averill Onshore's, Averill Offshore's, Madison Onshore's and Madison Offshore's confidential private placement memorandums.

With regards to the Averill Co-Invest Funds, Suvretta seeks capital appreciation by participating in financing of certain therapeutics-related portfolio companies alongside the Averill Funds by purchasing stock of such portfolio companies for the purpose of making direct and indirect investment(s) in securities issued by such portfolio companies, which investment(s) may be obtained in multiple transactions over time from any and all sources, including but not limited to, directly or indirectly from the portfolio companies or through secondary market transactions, including those involving or made through one or more special purpose vehicles.

Suvretta manages the assets of the Funds in accordance with the investment strategy set forth in each Feeder Fund's and each Averill Co-Invest Fund's confidential private placement memorandum and, subject to certain investment restrictions, does not tailor its investment management services to the individual needs of Fund Investors.

Suvretta also serves as sub-manager to a portion of an unaffiliated SICAV established under the laws of Luxembourg<sup>2</sup> ("SICAV Sub-account"). Suvretta manages the SICAV Sub-account based on the investment advisory agreement between Suvretta and the SICAV's investment manager and the investment guidelines in the SICAV's prospectus and operating memorandum. Suvretta currently does not manage separate accounts for particular Clients (as defined herein). 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.

In addition to serving as the investment manager of the Averill Co-Invest Funds, Suvretta may in the future serve as investment manager to additional co-investment vehicles ("Co-Investment Vehicles") that co-invest in certain investments along with one or more Funds.

In this document, any reference to "Client" means the Funds, the Co-Investment Vehicles and their investors and any other advisory client of the Adviser.

One or more affiliates of Suvretta currently sponsor special purpose acquisition vehicles ("Affiliated SPACs") that were generally formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses.

Suvretta does not participate in Wrap Fee Programs.

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<sup>2</sup> A "SICAV," which stands for Société d'investissement à capital variable, is a type of open-ended investment fund with variable share capital that may invest in transferable securities, money market instruments, units of investment funds, deposits and financial derivative instruments.

## ITEM 5 – Fees and Compensation

The fees applicable to each Fund are set forth in detail in their respective confidential private placement memorandums. A summary of the fees is provided below.

Suvretta and the General Partners typically receive compensation from the Funds in the form of fees based on a percentage of assets under management and performance-based incentive allocations.

- The Long-Short Funds pay Suvretta a quarterly management fee in advance ranging from 0% to 1.5% (per annum) of the net assets of the Long-Short Funds. For Long-Short Fund assets that are Designated Investments, the quarterly management fee is based upon the lower of (i) initial cost, as adjusted for partial realizations of such Designated Investment and (ii) fair value (which may be at cost).
- The Averill Funds pay Suvretta a quarterly management fee in advance ranging from 1% to 2% (per annum) of the net assets of the Averill Funds. For Averill Fund assets that are Designated Investments, the quarterly management fee is based upon the lower of (i) initial cost, as adjusted for partial realizations of such Designated Investment and (ii) fair value (which may be at cost). The Averill Co-Invest Funds do not pay a management fee.
- The Madison Funds pay Suvretta a quarterly management fee in advance ranging from 1.5% to 2% (per annum) of the net assets of the Madison Funds. For Madison Fund assets that are Designated Investments, the quarterly management fee is based upon the lower of (i) initial cost, as adjusted for partial realizations of such Designated Investment and (ii) fair value (which may be at cost).

The Funds will also allocate an annual performance allocation to the General Partners as described below:

### The Long-Short Funds Performance Allocation

The GP will receive an annual performance allocation ranging from 0% 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 the Onshore Fund's and Offshore Fund's confidential private placement memorandums. Net unrealized profits attributable to Designated Investments are not included in calculating the performance allocation until a Designated Investment is realized or deemed realized.

### The Averill Funds Performance Allocation

The Averill GP will receive an annual performance allocation 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 Averill Onshore's and Averill Offshore's confidential private placement memorandums. Net unrealized profits attributable to Designated

Investments are not included in calculating the performance allocation until a Designated Investment is realized or deemed realized.

#### The Averill Co-Invest Fund Performance Allocation

The Averill Co-Invest GP will generally be entitled to receive carried interest ranging from 12% to 25%, based on the performance of the Averill Co-Invest Funds (the “Profits Interest”). Distributions are initially allocated to the Averill Co-Invest GP in order to reimburse the Averill Co-Invest GP for expenses related to the Averill Co-Invest Funds and are then prioritized to the investors in the Averill Co-Invest Funds until they have received a return of their initial capital contribution. Subject to the Averill Co-Invest Funds’ ability to retain distribution proceeds as described in the Averill Co-Invest Funds’ respective confidential private placement memorandums, Profits Interest distributions will generally be made promptly upon the Averill Co-Invest Funds receiving distributions and at such other times and in such manner as the Averill Co-Invest GP may, in its sole discretion, determine, to the extent that such distribution proceeds are available.

#### The Madison Funds Performance Allocation

The Madison GP will receive an annual performance allocation ranging from 20% of the net profits generated above the returns of a benchmark return (described below); 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 Madison Onshore’s and Madison Offshore’s confidential private placement memorandums. Net unrealized profits attributable to Designated Investments are not included in calculating the performance allocation until a Designated Investment is realized or deemed realized.

The benchmark return is calculated as the amount that a capital account or series of shares (collectively “Capital Accounts”) would have appreciated or declined during a performance period if it had achieved a rate of return for such period equal to that of the benchmark specified in the Madison Onshore Fund’s and Madison Offshore Fund’s confidential offering memorandums.

Because for certain limited partners and/or shareholders the annual performance allocation is determined based upon a Capital Account outperforming the benchmark return for any fiscal year, it is possible the Madison GP will be entitled to receive a performance allocation for a fiscal year even if the Capital Account had depreciated in value during the year. In addition, it is also possible that the performance allocation earned by the Madison GP will exceed the Capital Account’s allocable share of net profits at the Master Fund level in a fiscal year. Under such circumstances, the performance allocation will be reallocated to the Madison GP for a fiscal year only to the extent of the Master Fund’s net profits allocated to such Capital Account for such fiscal year. The remaining portion of the performance allocation that was not reallocated to the Madison GP (“Deferred Performance Allocation”) will not be allocated to the Madison GP until the next fiscal year that there is sufficient amount of Master Fund net profits allocated to the Capital Account even if no performance

allocation is otherwise due in such subsequent fiscal year. Unallocated Deferred Performance Allocation will not reduce the value of a Capital Account for purposes of determining the annual performance allocation in a subsequent fiscal year.

If a shareholder or limited partner subject to a Performance Allocation based on outperformance of the benchmark return, as described above, redeems or withdraws from the Madison Funds with unallocated Deferred Performance Allocation in their Capital Account, the unallocated Deferred Performance Allocation will be debited from such shareholder's or limited partner's Capital Account upon withdrawal or redemption, provided, however that if there are insufficient Master Fund net profits to cover the unallocated Deferred Incentive Allocation, the amount of the unallocated Deferred Incentive Allocation will be deducted from the amount otherwise payable to the redeeming shareholder or withdrawing limited partner, as applicable, and will be placed in a "Suspension Account." The Madison GP's allocation class shares of the Master Fund will be reallocated the Deferred Performance Allocation from the Suspension Account once there are net profits in the Capital Accounts of the remaining shareholders or limited partners in that year or subsequent fiscal years. Until such time, the Suspension Account will be invested in the Madison Funds (or as otherwise directed by the Madison GP), and any net profits earned from the Suspension Account will be credited to all of the remaining shareholders or limited partners on a pro rata basis at the end of the fiscal year based on the values of the Capital Accounts as of the beginning of the last fiscal period of such fiscal year. If the Madison Funds dissolve, the amount allocated to the Suspension Account will be distributed to the remaining shareholders or limited partners in accordance with each fund's winding up procedures.

The Madison Funds will maintain an "Underperformance Recovery Account" for each Capital Account of a shareholder or limited partner subject to a Performance Allocation based on outperformance of the benchmark return, as described above. In the event a Capital Account underperforms the benchmark return in a fiscal year, the Underperformance Recovery Account will be debited an amount equal to the underperformance. For each fiscal year a Capital Account outperforms the benchmark return, the Underperformance Recovery Account will be credited an amount equal to the outperformance. To the extent that there is a negative balance in a Capital Account's Underperformance Recovery Account at the end of a fiscal year or at such other date as the calculation of the performance allocation is required to be made, an annual performance allocation will not be made; however, any outstanding Deferred Performance Allocation from prior fiscal years attributable to the Capital Account shall be made to the extent of the amount of net profits allocated to the Capital Account.

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

As sub-manager to the SICAV, Suvretta is currently paid 1.15% (per annum) of the net assets of the SICAV Sub-account. The management fee is calculated on the daily net asset value of the SICAV Sub-account and payable to Suvretta monthly in arrears.



Fees are subject to negotiation for any future accounts Suvretta manages.

### 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 include:

- commissions, research and proxy solicitation fees and expenses (including research-related travel and third-party research provider expenses) (please refer to Item 12 of this Brochure for a discussion of Suvretta's brokerage practices);
- costs of independent appraisals, broken-deal and/or unconsummated expenses associated with an investment (including any portion of expenses that could have been borne by any other co-investment vehicle or account);
- expenses in connection with conducting due diligence and negotiating terms of investments, regardless of whether such investments are consummated;
- 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;
- other portfolio expenses; and
- any other expenses reasonably related to the Funds' operations and the purchase, sale or transmittal of Fund assets (including, proxy solicitation fees and expenses, fees and performance compensation paid to unaffiliated third-party managers with respect to the management of certain assets of the Fund and trading systems and order management systems).

In addition, the Funds bear relevant operating expenses including those listed above and: Fund legal, compliance, regulatory, administrator, audit and accounting expenses (including third party accounting services); fees and expenses related to an advisory board, if any; consultant fees, including healthcare-related expert fees and/or lobbyist fees; and fees and expenses related to various fund related filings (or portions thereof) including those made in connection with managing the Fund's portfolio (including, but not limited to, Section 13 filings and Section 16 filings, and similar expenses, if applicable); organizational expenses; fees paid to the board of directors; insurance costs (including D&O and E&O insurance for Suvretta, the General Partners and outside directorship liability); and each Feeder Fund's pro rata share of the expenses of the Master Funds.

Organizational expenses for the Averill Funds and the Madison Funds will be paid by such Funds and, for net asset value purposes, may be amortized over a period of up to 60 months from the date such Funds commenced operations.

Any Fund expense that relates specifically to a particular Designated Investment will be charged solely to those investors participating in such Designated Investment. The determination as to whether an expense relates specifically to a particular Designated Investment will be made by Suvretta in its sole discretion.

All expenses relating to the organization of the Averill Co-Invest Funds are borne by the Averill Co-Invest Funds and were, for net asset value purposes, expensed to the Averill Co-Invest Funds immediately after the Averill Co-Invest Funds' closing date. To the extent that Averill Co-Invest GP or Suvretta advances expenses that should be borne by the Averill Co-Invest Funds and does not waive reimbursement of such expenses, Averill Co-Invest GP or Suvretta will be reimbursed by the Averill Co-Invest Funds. In addition, there is an additional "Initial Expense Assessment" in an amount equal to up to three percent (3%) of each investor's capital contribution into the Averill Co-Invest Funds to cover potential expenses of the Averill Co-Invest Funds ("Company Expenses") (which amount, for the avoidance of doubt, shall constitute a capital contribution to the extent so funded). For the avoidance of doubt, if the Company Expenses are greater than the Initial Expense Assessment, Averill Co-Invest GP may net any such additional expenses against any distributions made as described in the Averill Co-Invest Funds' respective confidential private placement memorandums.

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. 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.

Suvretta allocates expenses shared by more than one Client pro-rata based on each Client's net assets. Expenses that are attributable to Suvretta and one or more Clients are allocated in a manner that is demonstrably fair and that is consistent with disclosures to all affected Clients.

### Management Fees

As noted above, to the extent that management fee is charged to a Fund, such management fee is paid quarterly in advance. Suvretta's management fees are generally deducted from each Fund account by the Funds' administrator upon Suvretta's proper instructions. While Fund redemptions are generally processed on quarter-end dates (the "Redemption Processing Period"), Suvretta, with the Cayman Funds' Board of Director's approval if applicable, may waive or modify the above conditions. If the Redemption Processing Period is 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.

As sub-manager to the SICAV, Suvretta is currently paid 1.15% (per annum) of the net assets of the SICAV Sub-account. The management fee is calculated on the daily net asset value of the SICAV Sub-account and payable to Suvretta monthly in arrears. Generally, Suvretta's sub-management responsibilities to the SICAV may be terminated by Suvretta or the SICAV's investment manager by giving at least sixty days prior written notice to the other party.

For any future accounts managed by Suvretta, fees, termination clauses and redemption procedures may be negotiated between Suvretta and a client through an advisory contract agreed upon in writing between the parties.

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**

The General Partners 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 Cayman Funds, such waiver or reduction of fees must be approved by the Cayman Funds' Board of Directors or General Partner, as applicable. 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 that through the Managing Member's and other Suvretta personnel's investments in the Funds, its interests are aligned with Fund Investors.

In addition, certain Clients are eligible to be charged performance-based fees while other Clients are not. This leads to a potential risk for one Client to be favored over another Client, whereas Suvretta has a greater incentive to favor Clients that are charged performance-based fees. Accordingly, Suvretta has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with different fee arrangements, as well as any Affiliated SPACs, and the allocation of investment opportunities. Suvretta's procedures relating to the allocation of investment opportunities require that Clients with similar investment mandates participate in investment opportunities pro rata based on asset size and require that, to the extent orders are aggregated, orders are price-averaged. Also, Suvretta's procedures require the objective allocation for limited opportunities (such as initial and secondary public offerings and private placements) to ensure fair allocation among Clients. These areas are monitored by the CCO. For further descriptions of these policies and procedures, please see the "Trade Aggregation, Allocation and IPO Procedures" under Item 12 below.

## **ITEM 7 – Types of Clients**

As of the date of this Brochure, Suvretta's Clients consist of private pooled investment vehicles and foreign pooled investment vehicles. Fund Investors 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 Feeder Fund 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**

### The Long-Short Funds

Suvretta employs a global equity strategy, both long and short positions, 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.

While the Long-Short Funds invest primarily in equities and equity-related securities globally, each have broad and flexible investment authority. Accordingly, the Long-Short Fund investments may at any time include, without limitation, long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, including private investments in public equity ("PIPEs"), special purpose acquisition companies ("SPACS"), preferred stocks, stock warrants and rights, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, fixed income securities, swaps, options (purchased or written), futures contracts, commodities, forward contracts and other derivative instruments, partnership interests and other securities or financial instruments including those of investment companies. Further, the Long-Short Funds have complete flexibility to create or organize (alone or in conjunction with others including the Funds' affiliates) or otherwise utilize special purpose subsidiaries, affiliates, feeders or other special purpose investment or financing vehicles (including to access investment opportunities), swaps or other derivatives or structured products to access investments, particularly in instances where the Long-Short Fund, in its sole discretion, determines that there is a potential tax, regulatory, finance, confidentiality or other advantage to such structured product, instrument or entity.

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. Suvretta conducts due diligence on both businesses and industry fundamentals, focusing on competitive strengths and weaknesses, revenue growth, profitability, liquidity, and free cash flow. Then, Suvretta develops fundamental bottoms-up research for each company in which it may invest to determine earnings potential and underlying intrinsic value. The focus tends to be on industries experience secular growth and furthermore, those companies that would

benefit from such growth. Suvretta also actively engages management and seeks to gain perspective from competitors, customers, and suppliers. The investment philosophy emphasizes companies which have management teams that are either good or bad stewards of capital for long and short ideas, respectively. 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 generally invests in larger or highly liquid companies.

Suvretta’s investment philosophy for the Long-Short Funds focuses on investing in mid- and large-capitalization companies where the investment personnel have the ability to generate a differentiated investment view that can generally be expressed in equities that are liquid. These are also generalist portfolios, without any one focus on a particular industry or sector. The sectors that the Long-Short 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.

Positions that enter the portfolios 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 portfolios. For the Long-Short Funds, 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. The portfolios are generally focused on North America and Western Europe.

#### The Averill Funds, the Madison Funds and the Averill Co-Invest Funds

The Averill Funds and the Madison Funds (the “Healthcare Funds”), managed by Kishen Mehta, Portfolio Manager, and his team (the “Averill Team”), employ a thorough, structured research process that strives to identify key aspects of a successful healthcare investment. These aspects may include the likelihood of development success, regulatory hurdles and expected commercial dynamics, including competitive positioning, among others. The Averill Team believes this reproducible process allows it to generate investment views on a broad set of healthcare companies, increasing its potential to find mispriced companies. Finally, through the use of a range of financial instruments, the Averill Team looks to maximize the value of each investment while working to control risk.

The Averill Funds’ investment strategy seeks to achieve risk-adjusted capital appreciation through investment in a range of instruments in the healthcare industry, by adhering to the

Averill Team's investment philosophy of generating returns through fundamental, bottom-up stock selection. The Averill Team employs an approach that focuses on capturing dislocations between market pricing of a security and the perceived riskiness of its underlying asset(s), potentially caused by data updates or drug commercialization milestones, etc. The Averill Team believes that it is important to understand the fundamentals of companies as well as the overall products' competitive profile along with the level of risk in the clinical development plan. Therefore, the Averill Team focuses as much on the addressable market of diseases/conditions, competitive landscape, the pre-clinical and clinical development program and the implied market success of those products, as it does on individual company financials.

With respect to the Averill Funds, the Averill Team prefers to invest in companies that it perceives to have a key product that could disrupt or threaten current methods of managing or treating various diseases or conditions. On the short side, the Averill Team looks for companies that it believes fail to react to large changes in paradigm or are in secular decline. Regardless of direction, the Averill Team seeks to construct a portfolio of companies where the "Street" does not appropriately price the value of its comprising products. The Averill Team will also take into account industry dynamics, such as secular growth, events/catalysts, data releases, etc. that could impact potential investments.

The Averill Team conducts due diligence on industry and business fundamentals. At the industry level, the Averill Team will monitor new methodologies for treating various diseases, changes in treatment paradigms, regulatory changes and industry news/data in an attempt to recognize and appreciate positive and negative transformation. The Averill Team will then conduct in-depth fundamental and strategic analysis on product opportunities, including developing a model to determine future revenue, earnings, cash flow, etc., to assess the development and commercial feasibility of therapies and products. The Averill Team will also actively engage management and seek to gain perspective from medical and research professionals, the scientific community, competitors, customers and suppliers.

As such, the Averill Team seeks to achieve the investment objective of the Averill Funds by investing primarily in equity securities (both long and short) of public and private issuers primarily in the healthcare sector. Specifically, the Averill Team seeks to invest in companies in biotech and pharmaceuticals, as well as medical technology and supplies, healthcare services and other related sub-sectors. Notwithstanding the foregoing, the Averill Team has broad and flexible investment authority to invest the Averill Funds' assets. Accordingly, the Averill Funds' investments may at any time include, without limitation, long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, including PIPEs, SPACS, preferred stocks, stock warrants and rights, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, fixed income securities, swaps, options (purchased or written), futures contracts, commodities, forward contracts and other derivative instruments, partnership interests and other securities or financial instruments including those of investment companies.

The Madison Funds' investment strategy seeks to achieve risk-adjusted capital appreciation through investment in a range of instruments in the healthcare industry, by adhering to the Averill Team's investment philosophy of generating returns through fundamental, bottom-up stock selection. The Averill Team employs an approach that focuses on capturing dislocations

between the market pricing of a security and the perceived riskiness of its underlying asset(s). The Averill Team believes that it is important to understand the fundamentals of companies as well as the overall products' competitive profile in order to ascertain if the company is over- or under-valued. Therefore, the Averill Team focuses as much on the addressable market of diseases/conditions/services and the competitive landscape, among other things, as it does on individual company financials.

With respect to the Madison Funds, the Averill Team prefers to invest in companies that it perceives to have a key product that could disrupt the healthcare industry. On the short side, the Averill Team looks for companies that it believes fail to react to large changes in paradigm or are in secular decline. Regardless of direction, the Averill Team seeks to construct a portfolio of companies where the "Street" does not appropriately price the value of its comprising products. The Averill Team will also take into account industry dynamics, such as secular growth, events/catalysts, data releases, etc. that could impact potential investments.

The Averill Team conducts due diligence on industry and business fundamentals. At the industry level, the Averill Team will monitor new methodologies for treating various diseases, changes in treatment paradigms, regulatory changes and industry news/data in an attempt to recognize and appreciate positive and negative transformation. The Averill Team will then conduct in-depth fundamental and strategic analysis on product opportunities, including developing a model to determine future revenue, earnings, cash flow, etc., to assess the development and commercial feasibility of therapies and products. The Averill Team will also actively engage management and seek to gain perspective from medical and research professionals, the scientific community, competitors, customers and suppliers.

As such, the Averill Team seeks to achieve the investment objective of the Madison Funds by investing primarily in equity securities (both long and short) of public and private issuers primarily in the healthcare sector which includes healthcare equipment and services, pharmaceuticals, biotechnology and life sciences, and other related sub-sectors. Notwithstanding the foregoing, the Averill Team has broad and flexible investment authority to invest the Madison Funds' assets. Accordingly, the Madison Funds' investments may at any time include, without limitation, long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, including PIPEs, SPACS, preferred stocks, stock warrants and rights, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, fixed income securities, swaps, options (purchased or written), futures contracts, commodities, forward contracts and other derivative instruments, partnership interests and other securities or financial instruments including those of investment companies.

The Healthcare Funds' portfolios are global, but are generally be focused on North America and Western Europe.

The Averill Co-Invest Funds seek capital appreciation by participating in financing of certain therapeutics-related portfolio companies alongside the Averill Funds by purchasing stock of such portfolio companies for the purpose of making direct and indirect investment(s) in securities issued by such portfolio companies, which investment(s) may be obtained in multiple transactions over time from any and all sources, including but not limited to, directly

or indirectly from the portfolio companies or through secondary market transactions, including those involving or made through one or more special purpose vehicles.

### 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.

### Investment Discretion; Nature of Investments

Suvretta has broad discretion in making investments for the Funds, and may trade in any type of security, issuer or group of related issuers, country, region and sector that it believes will help the Funds achieve their respective investment objectives. Additionally, the strategies that Suvretta may pursue for the Funds are not limited to the strategies described herein; furthermore, such strategies may change and evolve materially over time. Suvretta has broad latitude with respect to the management of each Fund's risk parameters. Suvretta may utilize such leverage, position size, duration and other portfolio management techniques as it believes are appropriate for each of the Funds. Prospective Fund Investors must recognize that in investing in a Fund, they are placing their capital indirectly under the full discretionary management of Suvretta and authorizing Suvretta indirectly to trade for such Fund using whatever strategies in such manner as Suvretta may determine. Any of these new investment strategies, techniques, discretionary approaches and investment tactics may have shortcomings that could result in unsuccessful investments and, ultimately, losses to 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' portfolios may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds' investment objectives will be achieved. Depending upon the investment strategies employed and market conditions, the Funds may be adversely affected by unforeseen events involving such matters as political crises, military actions, terrorist attacks, natural disasters, public health issues (including contagious viral outbreaks and pandemics), changes in currency exchange rates or interest rates, forced redemptions of securities or acquisition proposals, regulatory intervention or general market conditions creating illiquidity or pricing anomalies or value impairment.

### Activist Investments

The Funds are expected to invest in equity securities of companies that Suvretta believes are undervalued by the marketplace and are likely to appreciate, including as a result of operational improvements, a change in corporate direction or management, capital allocation



or balance sheet changes, or other courses of action. In making such investments, each of the Funds may act alone or together with one or more other investors or investment managers acting as a group. In order to implement any actions deemed necessary to maximize value, Suvretta, or other members of the investing group, may work with the management team of the target company or other investors of the target company to design an alternate strategic plan and assist them in its execution and may secure the appointment of persons selected by Suvretta or other members of the group to the company's management team or board of directors. Suvretta, either alone or as part of a group, may also initiate investor actions (including those that may be opposed by company management or other investors in the company).

This activist investment strategy may require, among other things: (i) that Suvretta properly identify portfolio companies whose securities prices can be improved through corporate and/or other courses of action; (ii) that the relevant Fund or Funds acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) that such Fund or Funds avoid triggering anti-takeover and regulatory obstacles while aggregating its position; (iv) that management of portfolio companies and other security holders respond positively to Suvretta's proposals; and (v) that the market price of a portfolio company's securities increases in response to any actions taken by portfolio companies. There can be no assurance that any of the foregoing will occur.

Activist strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or investors of the subject company; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a "defensive" strategy; (iv) market conditions resulting in material changes in securities prices; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws and applicable state corporate laws. In addition, opponents of a proposed change may seek to involve regulatory agencies in investigating the transaction or the relevant Fund or Funds and such regulatory agencies may independently investigate the participants in a transaction, including such Fund or Funds, as to compliance with securities or other laws. Furthermore, successful execution of an activist strategy may depend on the active cooperation of investors and others with an interest in the subject company. Some investors may have interests which diverge significantly from those of the Funds, and some of those parties may be indifferent to the proposed changes. Moreover, securities that Suvretta believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe Suvretta anticipates, even if Suvretta's proposed changes are successfully implemented. Even if the prices for a portfolio company's securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow the applicable Fund or Funds to dispose of all or any of their securities therein or to realize any increase in the price of such securities.

Suvretta (including its affiliates, which may include any of the Funds) may cause any of the Funds, either alone or together with others, to acquire a "control" position in any company, and may secure the appointment of persons to such company's management team or board of directors. In doing so, the relevant Fund Investors will be required to acknowledge and agree that Suvretta (and/or its affiliates, if any) may acquire fiduciary duties to such other

company and to such other company's shareholders (which shall include members, unitholders, partners and similar persons) in addition to the duties that Suvretta (and/or its affiliates, if any) owe(s) such Fund or Funds. Such fiduciary duties may require Suvretta (and/or its affiliates, if any) to take actions that are in the best interests of the relevant company or its shareholders and Suvretta shall endeavor to act in such situations in the best interests of all parties concerned in accordance with the duties it owes to each such party. Suvretta's actions in such situations may not be in the best interests of the Funds. The applicable Fund Investors will be required to acknowledge that situations may arise where Suvretta (and/or its affiliates, if any) has (have) a conflict of interest between the duties that it (they) owe(s) to such companies and their shareholders, on the one hand, and those that it (they) owe(s) to the applicable Fund or Funds on the other.

#### Proxy Contests and Unsolicited Transactions

The Funds may purchase securities of a company which is the subject of a proxy contest, or at which the Funds intend to solicit proxies, in the expectation that new board members or amendments to the charter or bylaws or other corporate policies of the company will be able to improve the company's performance or undertake various alternative courses of action so that the price of the company's securities will increase. If the Funds are not successful in adding new board members or obtaining any such changes to charters, bylaws or corporate policies or if new management is unable to improve the company's performance or undertake any such courses of action, the market price of the company's securities may fall, which may cause the Funds to suffer a loss.

#### Litigation and Regulatory Investigations

Some of the tactics that the Funds may use involve litigation. The Funds could each be a party to lawsuits either initiated by it, or by a company in which the Funds invest, other shareholders of such company, or state and federal governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of the applicable Fund or Funds, and there is a risk of monetary damages and equitable relief against such Fund or Funds. In addition, as activist investors, the Funds may be subject from time to time (and especially in the context of a proxy contest), to formal or informal investigations or inquiries by the SEC and other governmental and self-regulatory organizations in connection with their activities. Litigation and regulatory investigations may involve distraction of Suvretta's time and significant expenses to the Funds. Additionally, regulatory investigations and/or inquiries, to the extent known to investors, may result in withdrawals by some investors irrespective of the substance, merits or ultimate outcomes of any such investigations or inquiries.

#### Equity-Related Instruments in General

Suvretta uses 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.

Further, equity investments may be even more susceptible to risk than other types of investments the Funds may make, given their subordinate position in the issuer's capital structure. As such, equity investments generally have greater price volatility than fixed income and other investments with a scheduled stream of payments, and the market price of equity investments is more susceptible to moving up or down in a rapid or unpredictable manner.

Certain issuers of equity securities may be subject to different, often less comprehensive accounting, reporting and disclosure requirements, may be listed on less liquid and more volatile markets, and may be subject to high brokerage commissions and other fees.

### 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 (3) 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 their 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 their 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.

In general, the use of short-term margin borrowings with respect to portfolio securities results in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Funds' margin accounts decline in value, the Funds could be subject to a "margin call," pursuant to which the Funds must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the assets of the Funds, the Funds might not be able to liquidate assets quickly enough to satisfy their respective margin requirements.

The Funds may also borrow by entering into repurchase agreements. Under a repurchase agreement, a Fund sells securities and agrees to repurchase them at a specified date and price. Repurchase agreements may involve the risk that the market value of the securities purchased with the proceeds of the repurchase agreement by such Fund may decline below the price of the securities such Fund has sold but is obligated to repurchase. In the event the buyer of securities under a repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the obligation of the applicable Fund to repurchase the securities and the Fund's use of the proceeds of the repurchase agreement may effectively be restricted pending such

decision. To the extent that, in the meantime, the value of the securities that the relevant Fund has purchased has decreased, such Fund could experience a loss.

The investment return of the Funds may also be leveraged with options, swaps, forwards and other derivative instruments. In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative of the fact that any futures contract trading is typically accompanied by a high degree of leverage. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase, 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. Thus, like other leveraged investments, any purchase or sale of a futures contract may result in losses in excess of the amount invested.

### Short Sales

The Long-Short Funds, the Averill Funds and the Madison Funds will sell securities short. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Long-Short Funds', the Averill Funds' and the Madison Funds' portfolios. 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 their 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. The Funds may reach a relatively

significant level of ownership in its small- or mid-cap portfolio companies. As such, when making large sales, the Funds may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

### 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 invest in swaps, derivative or synthetic instruments, repurchase agreements, warrants 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 they trade 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 portfolios 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 portfolios, 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 invest. 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 and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. 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.

### Forward Contracts

Banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which Suvretta would otherwise recommend, to the possible detriment of the Funds. In its forward trading, the Funds will be

subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Funds trade. Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. Suvretta may order trades for the Funds in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Funds to the risk of loss.

### Warrants

The Funds have in the past, and may in the future, invest in warrants, including pre-funded warrants. With respect to pre-funded warrants, the Funds generally expect to fund such pre-funded warrants at issuance but may elect never to exercise these and/or receive any profits with respect thereto. Warrants are derivative instruments that permit, but do not obligate, the holder to subscribe for other securities. Warrants do not carry with them the right to dividends or voting rights with respect to the securities that they entitle the holder to purchase, and they do not represent any rights in the assets of the issuer. As a result, warrants may be considered more speculative than certain other types of investments. In addition, the value of a warrant does not necessarily change with the value of the underlying securities or commodities, and a warrant ceases to have value if it is not exercised prior to its expiration date.

### 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 their 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 their entire investment in such companies.

### Convertible Securities

The Funds may invest in convertible securities and equity-related convertible securities. Convertible securities are equities, bonds, debentures, preferred stocks or other securities that may be converted into or exchanged for a specified fixed or variable amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common

stock increases. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is influenced principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Funds is called for redemption, the Funds will be required, depending on the terms of the security, to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have an adverse effect on the Funds' ability to meet their investment objective.

#### Currency Risk

The Funds may invest a significant portion of its assets in securities denominated in non-U.S. currency and in other financial instruments, the price of which will be determined by reference to those currencies, whereas an investment in the Funds are denominated and valued in U.S. dollars. Investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Dramatic fluctuations in the value of a country's currency could have an adverse impact on the profitability of a Fund. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. To the extent that the U.S. dollar appreciates relative to these currencies, the U.S. dollar value of these investments is likely to be adversely affected. In addition, if the currency in which a Fund receives dividends, interest or other types of payments (such as liquidating payments) declines in value against the U.S. dollar before such payments are distributed, the U.S. dollar value of these payments could be adversely affected if not sufficiently hedged. Furthermore, the ability of the Fund and companies in which it invests to convert freely between the U.S. dollar and other currencies may be restricted or limited and, in a number of instances, exchange rates and currency conversion are controlled directly or indirectly by governments or related entities. Many of the currencies of Asian emerging markets and in Latin America have been subject to large fluctuations in value in recent years and may be subject to significant fluctuations in the future. The economies of many emerging markets have been characterized by high inflation rates. Inflation in the countries where a Fund makes investments may adversely affect a Fund's results and value.



In many circumstances, Suvretta employs hedging techniques to minimize these risks, but there can be no assurance that such strategies will be effective. In particular, a Fund may seek to offset the risks associated with such exposure, in part, through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialized and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

#### Lack of Diversification

Although the Funds have no investment restrictions with respect to types of securities, countries or industry sectors, the Funds' portfolios may not be as diversified as other investment vehicles. Accordingly, the Funds' portfolios may be subject to more rapid change in value than would be the case if the Funds were required to maintain a wide diversification. Since the Averill Funds and the Madison Funds expect to focus their investments in the healthcare and healthcare-related subsectors, and such companies or industries may have high positive correlations to one another, the Averill Funds and the Madison Funds may be particularly vulnerable to events affecting such sectors and industries.

#### Counterparty Risk

To the extent that the Funds invest in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, warrants, 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. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent, discourage or otherwise impede settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. Generally, the Funds will not be restricted from dealing with any particular counterparties. Suvretta's evaluation of the creditworthiness of their counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Funds' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

#### Control Position

To the extent the Funds, directly or indirectly, acquire a controlling stake in or is deemed an "affiliate" of a company, it may be subject to certain additional securities laws restrictions which could affect both the liquidity of an investment in the Funds and the Funds' ability to liquidate such investments without adversely impacting the stock price, including insider trading restrictions and the disclosure requirements of Sections 13 and Section 16 of the

Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, to the extent that affiliates of the Funds, their General Partners or Suvretta are subject to such restrictions, the Funds, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the Funds stand to benefit from such affiliate's stock ownership.

If the Funds, alone or as part of a group acting together for certain purposes, become the beneficial owner of more than 10% of certain classes of securities of a company or places a director on the board of directors of a company, the Funds may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act if it were to sell common shares of the company at certain times under certain conditions.

Control investments may also involve certain risks, such as the risk of liability for environmental damage, product defect, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability characteristic of business operations may be ignored. In addition, in connection with the disposition of these investments, the Funds may make representations and warranties about the business and financial affairs of the investments typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities law. The Funds may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations and warranties or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which will be borne by the Funds.

#### Reduced Liquidity Due to Inside Information

From time to time, Suvretta or its affiliates, or members of a group of investors or managers with which Suvretta is acting, may work with the management team of a company in which the Funds have invested or proposes to invest in order to design an alternate strategic plan and assist them in its execution, and may secure the appointment of persons selected by Suvretta or other members of the group to the company's management team or board of directors. Furthermore, representatives of Suvretta have served and may continue to serve on the board of directors, advisory board or otherwise of publicly traded and private companies or other entities (including Affiliated SPACs). In connection with such services, such persons may receive directors' fees or other similar compensation attributable to such representatives' services. Additionally, in the course of such activities and in the normal course of business, Suvretta may come into possession of material non-public information concerning a company and that of its competitors, including with respect to issuers related to the activities of any Affiliated SPACs, and the possession of such information may limit the ability of Suvretta to cause the Funds to buy or sell the securities issued by such company or companies that are engaged with or compete with such company. Therefore, the Funds may be required to refrain from buying or selling such securities at times when Suvretta might otherwise wish to cause the Funds to buy or sell such securities.

In addition, Suvretta faces a conflict with respect to certain investments because the Funds' investment in an issuer could also benefit other Clients of Suvretta, and Affiliated SPACs and any affiliates of Suvretta who sponsor such Affiliated SPACs, by providing valuable new capital to the applicable issuer in which the other Clients have a significant investment or interest, with no guarantee that such capital investment will be profitable for a Client. Suvretta may

also be subject to investment restrictions in certain issuers due to a Client's or the Affiliated SPACs' investment or interest in such issuer.

### Illiquidity

Because of the limitation on withdrawal rights, particularly with respect to investments held in the Averill Co-Invest Funds and certain series and sub-classes of the Averill Funds, Madison Funds and Long-Short Funds, an investment in the Averill Co-Invest Funds, the Averill Funds, the Madison Funds or the Long-Short Funds is a relatively illiquid investment and involves a high degree of risk. Furthermore, if a substantial number of underlying investors were to withdraw from the Averill Funds or the Madison Funds and the Averill Funds or the Madison Funds did not have a significant number of liquid securities, there is a possibility that the Averill Funds or the Madison Funds would have to meet such withdrawals through distribution of illiquid securities. In light of the foregoing, an investment in the Averill Co-Invest Funds, the Averill Funds, the Averill Madison Funds or the Long-Short Funds should be considered only by persons who are financially able to maintain their investment for an extended period of time and who can accept a loss of all of their investment.

### Private Investments

Suvretta has limited history managing investment vehicles that invest in private companies. Investments in the private equity of companies at various stages of their development involve a high degree of business and financial risk. Private companies with limited operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss.

The Averill Co-Invest Funds and certain series and sub-classes of the Long-Short Funds, the Averill Funds and the Madison Funds have exposure to and invest in early and mid-stage private companies across a variety of industry sectors, and in the case of the Averill Funds, the Madison Funds and Averill Co-Invest Funds are focused primarily on biotechnology, medical devices, pharmaceuticals and other healthcare-related issuers. These types of companies may require additional capital, after the Averill Co-Invest Funds, the Long-Short Funds, the Averill Funds or the Madison Funds investment, to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses. To the extent the Averill Co-Invest Funds, the Long-Short Funds, the Averill Funds or the Madison Funds invest in micro- and/or smaller-capitalization companies, the prices of the securities of such companies are often more volatile than the prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies.

To the extent the Averill Co-Invest Funds, the Long-Short Funds, the Averill Funds or the Madison Funds take minority positions in companies in which they invest, Suvretta is unlikely to be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies. Some companies may depend upon managerial assistance or financing provided by their investors. The value of the Averill Co-Invest Funds, the Long-Short Funds', the Averill Funds' and the Madison Funds' investments may depend upon the quality of managerial assistance provided by the investors in the companies and their ability and willingness to provide financial support. Investments in private equity of highly-leveraged companies involve a high degree of risk. The use of leverage by a private company may increase the exposure of such company to adverse economic factors such as downturns in the economy or deterioration in the conditions of such company or its respective industry. In the event any such company cannot generate adequate cash flow to meet debt service, the Averill Co-Invest Funds, the Long-Short Funds, the Averill Funds and the Madison Funds may suffer a partial or total loss of capital invested in the company, which, depending on the size of the Averill Co-Invest Funds, the Long-Short Funds', the Averill Funds' or the Madison Funds' investments, could adversely affect the return on the capital of the Averill Co-Invest Funds, the Long-Short Funds, the Averill Funds or the Madison Funds.

The Averill Co-Invest Funds, the Long-Short Funds', the Averill Funds' and the Madison Funds' ability to realize value from an investment in a private company will depend largely upon successful completion of the company's initial public offering or the sale of the company to another company, which may not occur for a period of several years after the date of the Averill Co-Invest Funds, the Long-Short Funds', the Averill Funds' or the Madison Funds' investment, or may not occur at all. There can be no assurance that any of the companies in which the Averill Co-Invest Funds, the Long-Short Funds, the Averill Funds or the Madison Funds invest will complete public offerings or be sold, or, if such events occur, as to the timing and value of such offerings or sales. In addition, the Averill Co-Invest Funds, the Long-Short Funds, the Averill Funds and the Madison Funds may be subject to, or may agree to become subject to, lock-up periods subsequent to an initial public offering or other liquidity event. The Averill Co-Invest Funds, the Long-Short Funds, the Averill Funds and the Madison Funds may also lose all or part of its entire investment if these companies fail or their product lines fail to achieve an adequate level of market recognition or acceptance.

#### Private Investments in Public Equity ("PIPE")

The Long-Short Funds, the Averill Funds and the Madison Funds have invested into and may continue to invest in PIPEs. PIPEs are private (unregistered) offerings of common stock or other securities usually at a discount to current market price, issued by public companies. The typical PIPE is subject to a "lockup" agreement that prohibits the owner from reselling the PIPE security until it is registered or until a designated holding period has elapsed. On occasion, the SEC has refused to allow PIPE securities to be registered due to the immediate impact such registration could have on the public market for such securities (for example, if certain owners of such PIPEs have sold the securities short in anticipation of their registration). Typically, PIPE securities are offered by small public companies, companies in need of regular cash infusions, companies in financial distress or companies where a public offering has failed. PIPE securities may be susceptible to special risks that may not be present

in the relevant issuer's publicly traded securities. Substantial illiquidity could remain even after a PIPE security becomes registered for public sale. Moreover, a Fund's entire investment in PIPE securities may be lost if such securities never become registered.

PIPEs may be difficult to accurately value. In light of the foregoing, there is a risk that a Fund Investor who withdraws all or part of its investment while an applicable Fund holds PIPE securities will be paid an amount less than it would otherwise be paid if the actual value of such PIPE securities is higher than the value designated by such Fund. Similarly, there is a risk that such Fund Investor might, in effect, be overpaid if the actual value of the PIPE securities held by the applicable Fund is lower than the value designated by the Fund.

Unlike the purchase of freely tradable common stock in the open market, PIPEs generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as registering the securities or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the convertible securities and the underlying securities with the appropriate federal and state authorities for resale. In order for an investing Fund's investment strategy to be effective, the issuer of such securities must abide by its contractual obligations. If an issuer fails to meet its contractual obligations, in addition to the possibility of being involved in costly litigation, such Fund may be unable to dispose of the securities at appropriate prices, if at all, or may experience substantial delays in doing so, and thus such Fund may not be able to realize the anticipated, or any, profit with respect to such investment for a substantial period of time, if ever. There can be no assurance that any issuer will succeed in registering for public resale the securities held by such Fund or that registration of securities pursuant to any such arrangement will create liquidity. In addition, while the price paid by such Fund will usually be at a discount to the public trading price at the time of purchase, by the time the Fund is able to dispose of its shares in a public sale the market price for the portfolio company's securities may be below the price paid by such Fund, or the sale by such Fund and other holders with similar registration rights at or about the same time may cause the market price of the portfolio company's common stock to decline substantially before such Fund is able to dispose of any or all of its investment.

The Funds have and may continue to participate in PIPEs associated with Affiliated SPACs. By directing the Funds to invest in the PIPEs associated with such SPACs, Suvretta is presented with a conflict of interest. Suvretta, on the one hand, is incentivized to increase the value of Affiliated SPACs or the business combination of such SPACs, including assistance in satisfying the closing conditions of such business combination to preserve the benefits associated with sponsoring such Affiliated SPAC. Affiliates of Suvretta who are sponsors of Affiliated SPACs, on the other hand, owe certain duties to the Funds. Thus, Suvretta faces a conflict of interest in determining the size and scope of a Fund's investment in any PIPE associated with such Affiliated SPACs.

The Funds are also subject to regulatory requirements relating to Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to which PIPE securities purchased by any Fund may be exempt from registration. Section 2(a)(11) of the Securities Act defines an "underwriter" as any person who has purchased securities from an issuer with a view towards distribution. In connection with its sales of securities purchased pursuant to Regulation D or otherwise exempt from registration, a Fund could be deemed to be a "statutory

underwriter" based on the method and timing of such sales. If a Fund were deemed to be a "statutory underwriter" it could have an adverse effect on the transaction(s) in respect of which such determination is made and, possibly, on such Fund's ability to continue to effectively pursue its investment strategy. If a Fund is deemed to be an "underwriter" in the case of securities offered or sold by such Fund after exercise of registration rights with respect to those securities, such Fund could be held jointly and severally liable with the issuer to the persons purchasing such securities from it for damages based upon misstatements or omissions of material facts in a prospectus or oral communication delivered or made in connection with such offer or sale. While a Fund typically will be indemnified by the portfolio company against such liabilities, the portfolio company may not have the financial resources to satisfy its indemnification obligations. Furthermore, it is the position of the SEC staff that indemnification for violations of the Securities Act is against public policy and therefore unenforceable. If the securities held by a Fund are not registered, such Fund will be able to resell those securities publicly only pursuant to Rule 144 of the Securities Act and only in a manner in which such Fund will not be deemed to be engaged in a distribution of such securities and therefore not to be an "underwriter" with respect to such securities.

### SPACs Generally

The Long-Short Funds, the Averill Funds and the Madison Funds make investments in and/or relating to SPACs (although, by way of clarification, the Funds do not intend to directly invest into any Affiliated SPACs or their sponsors). Therefore, the Funds will be subject to the risks of investing in SPACs generally. Because SPACs have broad discretion to select potential business combinations (subject to industry, geographic or other limitations, if any), it is not possible for Suvretta to ascertain the merits or risks of investing in a particular SPAC or related investment.

The officers and directors of a SPAC may become involved with other SPACs in which the Funds do not invest which may engage in similar business opportunities. Accordingly, the officers and directors may have conflicts of interest in determining to which entity a particular business opportunity should be presented. There is no guarantee that a SPAC selected by Suvretta for investment by the Funds will be able to effect a business combination with an operating entity.

SPACs are newly incorporated companies with no operating results. Because SPACs lack operating histories, Suvretta will have no basis upon which to evaluate a SPAC's ability to achieve its business objective of completing a business combination. Upon a SPAC's initial public offerings ("IPO"), SPACs typically have no plans, arrangements or understandings with any prospective target business concerning a business combination and may be unable to complete a business combination. If a SPAC does not complete a business combination, then the SPAC securities are generally redeemed at a price less than their IPO price.

There is no guarantee that a SPAC in which the Funds invest will be able to execute a business combination with an operating entity. SPACs may encounter intense competition from other entities having similar business objectives, such as venture capital funds, leveraged buy-out funds and other private equity entities, as well as operating businesses competing for acquisitions. If the Funds invest in a SPAC that is unable to effect a business combination, the Funds will receive their share of the proceeds held in trust, subject to reduction if third

party claims are made against the SPAC. If the Funds were to acquire certain types of units in a dual deal structure, the Funds may lose the entire amount of its investment in the units if a business combination cannot be effected by such SPAC. To the extent the SPAC were to complete a business combination with a financially unstable company or an entity in its development stage, the SPAC may be affected by the numerous risks inherent in the business operations of those entities. The subsequent value of the SPAC's equity will be dependent on the SPAC's future performance, condition (financial or otherwise), results of operations, available earnings and cash flow, prospects, and various business, financial, industry, economic and other considerations, including economic downturns, some of which may or may not be within its control.

At the time of a Fund's investment in a SPAC, the SPAC will not have identified a prospective target business and thus will be unable to ascertain the capital requirements for any particular transaction. If the net proceeds of the SPAC's initial public offering and any other of the SPAC's fundraising efforts prove to be insufficient, either because of the size of its proposed initial acquisition or the depletion of the available net proceeds in search of a target business, it may be required to seek additional financing or to abandon its efforts to consummate an acquisition. There can be no assurance that such financing will be available on acceptable terms, if at all. To the extent that additional financing proves to be unavailable when needed to complete its initial acquisition, the SPAC would be compelled to either restructure the transaction or abandon that particular acquisition and seek an alternative target business candidate. In addition, even if the SPAC does not need additional financing to complete its initial acquisition, it may require such financing to fund the operations or growth of the target business. The failure to secure additional financing could have a material adverse effect on the continued development or growth of the target business.

While a SPAC's equity securities list and trade on NASDAQ or the New York Stock Exchange, such securities may be considered illiquid, at least through the SPAC's initial acquisition, and, with respect to the sponsor of the SPAC, are subject to restrictions on resale.

### SPAC Derivatives

The Long-Short Funds, the Averill Funds and the Madison Funds have invested in or hold SPAC derivatives and may continue to do so in the future, specifically warrants and rights. Warrants are securities giving the holder the right, but not the obligation, to buy the stock of an issuer at a given price (generally higher than the value of the stock at the time of issuance), on a specified date, during a specified period, or perpetually. Rights are similar to warrants, but normally have a shorter duration. Warrants and rights may be acquired separately or in connection with the acquisition of securities. Warrants and rights do not carry with them the right to dividends or voting rights with respect to the securities that they entitle their holder to purchase, and they do not represent any rights in the assets of the issuer. As a result, warrants and rights may be considered more speculative than certain other types of investments. In addition, the value of a warrant or right does not necessarily change with the value of the underlying securities, and a warrant or right ceases to have value if it is not exercised prior to its expiration date.

### Risks Related to Investment in SPAC Sponsor Equity

The Long-Short Funds have invested in SPAC Sponsors and the Averill Funds and the Madison Funds may invest in SPAC sponsors. There are significant risks associated with owning SPAC sponsor equity, including risks associated with owning such securities indirectly through a membership interest in the relevant sponsor. SPAC sponsors typically have broad powers to forfeit, transfer, exchange or otherwise affect the sponsor equity securities to which each of its non-managing members, including the Funds, will be entitled. If a sponsor deems it necessary in connection with a SPAC's initial business combination, the sponsor typically can forfeit, transfer or exchange all or any portion of the sponsor equity. The sponsor may make this determination to, among other potential reasons, avoid significant dilution of a target company's existing shareholders if such dilution is preventing the target company from entering into the business combination. If a SPAC sponsor determines to forfeit, transfer or exchange any of its sponsor equity, the amount of sponsor equity allocable to each member of the sponsor (including the portion allocable to the Funds) will be reduced on a pro rata basis, which would adversely affect the Funds' investment, and may render the relevant investment worthless depending on the extent of the forfeiture. SPAC sponsors typically may also amend the terms of, restrictions applicable to, or other provisions relating to, their sponsor equity in their sole discretion. Generally speaking, all of the SPAC sponsor securities are subject to various trading restrictions. In the event a SPAC is able to consummate an initial public offering, the SPAC's sponsor is typically required to enter into an agreement restricting its ability to transfer its interest in the SPAC until (i) six months to one year after the consummation of an acquisition, or (ii) the SPAC's common stock trades at or above a specified share price for a specified period. Unlike the public common shares of a SPAC, the founder common shares do not have voting rights and are not entitled to a pro rata portion of the trust proceeds if the business combination does not occur. Founder shares and founder warrants will become worthless if there is not a successful business combination. Furthermore, there may be cases where certain other Clients may invest in certain SPACs or SPAC sponsor equity, in which the Funds invest. Suvretta may face a conflict regarding those investments because the Funds' investment in the issuer could also benefit the other Clients by providing valuable new capital to the applicable issuer in which the other Clients have a significant investment, including other Clients which pay higher fees than the Funds. Further, Suvretta may make different decisions with respect to the Funds' investment in the securities than decisions that may be made for the other Clients that also hold the same or similar securities.

### Lack of Liquidity of Fund Investments

While Suvretta expects the vast majority of the Long-Short Funds', Averill Funds' and Madison Funds' portfolios to be liquid, the Long-Short Fund assets, Averill Fund assets and Madison Fund assets may, at any given time, include securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments. The Averill Co-Invest Funds' portfolio will generally not be composed of liquid assets and investors in the Averill Co-Invest Funds will only receive distributions following the Averill Co-Invest Funds receiving distributions. Illiquid investments may also



impair a Fund's ability to distribute withdrawal or redemption proceeds to a withdrawing or redeeming Fund Investor in a timely manner.

### Uncertain Exit Strategies

Due to the illiquid nature of certain of the positions which the Funds are expected to acquire, as well as the uncertainties of the reorganization and active management process, the Funds are unable to predict with confidence what the exit strategy will ultimately be for any given investment, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

### Effect of Substantial Withdrawals

Substantial withdrawals and/or redemptions from the Funds, could be triggered by a number of events, including, for example, unsatisfactory performance or a significant change in personnel or management of Suvretta or its affiliates, investor reaction to withdrawals or redemptions from the Funds, legal or regulatory issues that investors perceive to have a bearing on the Funds, Suvretta or its affiliates, or other factors. Several factors make substantial withdrawals and/or redemptions from the Funds a risk factor for Fund Investors. Substantial withdrawals and/or redemptions by investors in the Funds within a short period of time could require the Funds to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Funds' assets below a level that a more orderly and timely disposal would have achieved and/or disrupting Suvretta's investment strategy. This is exacerbated in instances where the Funds are required to satisfy withdrawals (or redemptions) in cash. The liquidation value of certain assets may be materially less than their mark-to-market value because certain positions cannot be rapidly liquidated at favorable prices, especially given the increased likelihood of concentrated positions and the possibility of required regulatory filings and public disclosures in connection with such liquidations. Actions taken to meet substantial withdrawal or redemption requests could cause prices of other financial instruments held by the Funds to significantly decrease and Fund expenses to significantly increase (e.g., due to transaction costs and the costs of terminating agreements). Substantial withdrawals and/or redemptions could also significantly restrict the Funds' ability to obtain financing needed for investment and trading strategies, or could materially increase the cost of such financing, which would have a further material adverse effect on the Funds' performance. Reduction in the size of all or some of the Funds could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in such Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

The Funds may pursue a variety of investment strategies that may provide positive results only over a substantial period of time, and liquidation of positions associated with such strategies in response to withdrawal/redemption requests, which takes place before such investment strategies have had sufficient time to play out and generate a positive return might result in such positions being sold at a loss. Furthermore, the Funds may not be able readily to dispose of certain financial instruments and, in some cases, may be contractually prohibited from disposing of such financial instruments for a period of time and therefore, in

response to withdrawal or redemption requests, may be required to liquidate positions not subject to such restrictions, reducing the proportion of liquid assets held by the Funds.

#### Fund Investors Do Not Participate in Management of the Funds

The Funds are managed solely by Suvretta. Fund Investors must rely solely on the judgment of Suvretta (and its duly authorized agents) in selecting investments and should not invest in the Funds unless willing to entrust all aspects of the portfolio management of the Funds to Suvretta. In addition, Fund Investors will not have an opportunity to evaluate the specific investments made by the Funds or the terms of investment of the Funds.

#### Reliance on Corporate Management and Financial Reporting

The Funds are expected to rely heavily on the financial information made available by the issuers in which the Funds invest. Suvretta has no ability to independently verify the financial information disseminated by the issuer in which the Funds invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general.

#### Employee Misconduct

Suvretta's reputation is critical to maintaining and developing relationships with existing and prospective investors, as well as with the numerous third parties with which Suvretta and the Funds do business. In recent years, there have been a number of highly publicized cases involving fraud, conflicts of interest, or other misconduct by individuals in the financial services industry, and there is a risk that an employee of or contractor to Suvretta or its affiliates could engage in misconduct that adversely affects the investment strategies implemented by Suvretta. It is not always possible to deter such misconduct, and the precautions Suvretta takes to detect and prevent such misconduct may not be effective in all cases. Misconduct by an employee of or contractor to Suvretta or one of its affiliates, or even unsubstantiated allegations of such misconduct, could result in both direct financial harm to Suvretta and the Funds, as well as harm Suvretta's and the Funds' reputations, which would have a materially adverse effect on the Funds.

#### Valuation

The Funds may invest in securities that are subject to legal or other restrictions on transfer or for which no liquid market exists. As a result, calculating the fair market value of the any Fund's holdings may be difficult and there can be no assurance that Suvretta's valuation will accurately reflect the value that will be realized by such Fund upon the eventual disposition of such investment. Disposition of such illiquid investments may also result in distributions in kind to the applicable Fund Investors. Such investments could also impair a Fund's ability to distribute withdrawal or redemption proceeds to a withdrawing or redeeming Fund Investor in a timely manner. Suvretta may use valuation methodologies for such assets involving subjective determinations. Suvretta will have a conflict of interest in making any determinations as to the valuation of such assets due to the fact that, among other things, its compensation is determined with reference to the value and performance of the Funds' investments.

Illiquid investments that the Long-Short Funds, the Averill Funds and the Madison Funds designated as Designated Investments (as defined in the respective Fund's memorandums) generally will be valued by or on behalf of the Long-Short Funds, the Averill Funds and the Madison Funds on a quarterly basis and the management fee in respect of capital invested in such Designated Investments will be calculated, with respect to each Designated Investment, based upon the lower of (i) initial cost, as adjusted for partial realizations, and (ii) fair value (which may be at cost). There is no guarantee that the value of a Designated Investment as determined by the Long-Short Funds, the Averill Funds or the Madison Funds will represent the value that will be realized by the Long-Short Funds, the Averill Funds or the Madison Funds on the eventual disposition of the Designated Investment or that would, in fact, be realized upon an immediate disposition of the Designated Investment. Inaccurate valuations of Designated Investments could impact, among other things, the management fee borne by a Long-Short Fund investor, an Averill Fund or a Madison Fund investor.

#### Healthcare and Related Risks specific to the Averill Funds and the Madison Funds

The Averill Funds and the Madison Funds invest in the securities of life sciences, biotechnology, diagnostic and other healthcare related companies or in related assets involving a high degree of business, financial, technological and regulatory risk which can result in substantial losses. Some of these risks relate to the underlying biotechnology assets themselves, and others to the companies that manufacture or market these products, their distribution, competitors and in some cases partners in manufacturing or distribution. These risks include but are not limited to the following (and also apply to the Averill Co-Invest Funds):

- (i) certain companies that manufacture and/or market the products may have limited operating histories, making it difficult to assess the potential effectiveness of a company's management, and thus the likelihood of the products' commercial success;
- (ii) certain companies may not have sufficient management or marketing personnel with appropriate scientific or medical training in order to adequately produce or market these products, which may slow or impede the revenue stream generated by the product;
- (iii) the prices at which these securities in the company or its related assets will be acquired by the Averill Funds or the Madison Funds will often be based, in part, on sales projections with respect to the underlying biotechnology products, which projections may be based off of limited information and may ultimately prove to be inaccurate;
- (iv) to the extent that the Averill Funds or the Madison Funds make an investment in a company that is dependent on a product that has not yet received all applicable governmental approvals, there is a risk that the product will not obtain such approvals and that the product will not be able to be sold to consumers, as obtaining such approvals can often be a lengthy and expensive process the outcome of which can be uncertain;
- (v) even if all applicable governmental approvals are obtained with respect to such a product, previously unknown or undisclosed side-effects or complications relating to

the product may be disclosed, resulting in a loss of market acceptance or a withdrawal of previously-granted approvals, thereby reducing or eliminating the revenue stream supporting the securities or other assets held by the Averill Funds or the Madison Funds;

- (vi) certain of these companies may become involved in lawsuits with respect to these products, or with respect to intellectual property rights or other rights relating to them, which lawsuits may result in an inability to market these products or may otherwise impair the related revenue stream, additionally, issuers of foreign securities may not have similar protections with respect to intellectual property rights as are applied in the United States;
- (vii) in the case of any direct investments in biotechnology assets, Suvretta may not be successful in structuring these investments in a way that shields the Averill Funds or the Madison Funds from liability in the event of lawsuits relating to any products or rights in which the Averill Funds or the Madison Funds have a direct or indirect interest, thereby potentially resulting in the Averill Funds or the Madison Funds bearing such liabilities and, in such event, the Averill Funds or the Madison Funds may suffer potentially significant losses beyond its investment;
- (viii) the prices at which these investments will be made by the Averill Funds or the Madison Funds may be based, in part, on assumptions that a limited number of other products will compete with the relevant underlying products in the markets in which they are sold, or that the underlying products will otherwise command a pricing premium in these markets, which assumptions may prove to be inaccurate;
- (ix) some of the underlying products that drive value of a company or other asset may become obsolete;
- (x) some of the licensing agreements or other rights relating to the investments held by the Averill Funds or the Madison Funds may be terminated;
- (xi) certain of the companies in which the Averill Funds or the Madison Funds have invested may also experience adverse impact from: (1) unanticipated delays in research and development efforts; (2) previous preclinical testing or clinical trial results that ultimately are not indicative of future clinical trial results; (3) errors in the conduct of clinical trials; (4) adverse safety findings regarding drugs; (5) clinical trial results that do not support submission of a marketing approval application for drug product candidates; (6) reliance on third party manufacturers, collaborators, and clinical research organizations who may fail to perform according to agreed specifications; (7) inability to control the development of out-licensed drug compounds or drug candidates; (8) inability of collaborators' to develop and commercialize product candidates; (9) costs associated with prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights; (10) inability to maintain or obtain adequate product liability and other insurance coverage; (11) adverse impact of technological advances and competition; (12) inability to compete against third parties with greater resources; (13) changes in pricing and reimbursements in the markets in which they compete; (14) stronger than expected competition to develop

and commercialize similar drug products; (15) inability to obtain patent protection for discoveries; (16) inability to in-license potential drug compounds or drug candidates or other technology; (17) excessive leverage; limitations on their ability to incur additional indebtedness and incur liens on their assets restricting their ability to obtain additional capital when needed; (18) cost of goods sold remaining high enough that it is difficult to achieve profitability; (19) third-party payors for drugs or diagnostics rescinding or modifying their contracts or reimbursement policies or delaying payments; (20) inability to expand as expected outside the United States; (21) failure to receive reimbursement for a drug or diagnostic under changing Medicare rules; (22) failure of physicians to prescribe a drug or diagnostic to the extent anticipated; (23) inability to obtain inputs necessary to the manufacture of a drug or diagnostic at the anticipated cost; (24) failure of information technology and telecommunications systems that are critical to their business; (25) failure to appropriately handle or dispose of biological and hazardous materials; (26) misplaced reliance on third-party distributors; (27) difficulties in integrating legacy companies from a merger or acquisition; and (28) inability to recruit talented personnel, including scientists;

(xii) government policies and regulations applicable to certain of these companies or their products may change in ways that adversely affect the companies' or their products' marketability and, thus, the revenue streams generated by the related assets held by the Averill Funds or the Madison Funds; and

(xiii) investor sentiments and preferences with regard to life sciences sector investments (some of which are generally perceived as risky) may change, which may have an adverse effect on the values of the securities held by the Averill Funds or the Madison Funds in such companies.

#### Systems, Operational and Cybersecurity Risk

Suvretta and its Clients rely on certain financial, accounting, data processing and other operational systems and services that are employed by Suvretta and/or by third-party service providers, including prime brokers, the third-party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, Suvretta and its Clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in Suvretta's operations. In addition, Suvretta, its Clients and their service providers may be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting Suvretta, its Clients and their service providers may adversely impact Suvretta's Clients. For instance, cyber-attacks may interfere with the processing of Fund transactions, cause the release of private information about investors in the Funds, impede trading, subject the Funds and Suvretta to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which Suvretta's Clients may invest, which could result in material

adverse consequences for such issuers, and may cause a Client investment in such issuers to lose value.

### Business Continuity

Various force majeure events, including acts of God, natural disasters like fire, flood or earthquakes, wars, terrorist acts, outbreaks of infectious disease, epidemics, pandemics or other serious public health concerns, cyber-attacks, technology and/or power failures, labor strikes, or geopolitical or other extraordinary, or other unforeseen circumstances or events, may materially disrupt Suvretta's business and operations, or the business and operations of Suvretta or the Funds' counterparties or service providers, and the Funds may be adversely affected thereby. For example, if a significant number of Suvretta's personnel were to be unavailable in a force majeure event (such as war, terror attack or an outbreak of infectious disease), or if one or more of the Funds' or Suvretta's counterparties or service providers were significantly impacted by their own business continuity issues, Suvretta's ability to effectively conduct the Funds' business could be severely compromised. In addition, the cost to the Funds, Suvretta or its affiliates of repairing or replacing damaged assets or systems resulting from such force majeure event could be considerable. While Suvretta has adopted certain policies and procedures designed to restore and/or continue Suvretta's business and operations in such situations, there is no guarantee that such policies and procedures will be effective in any of such situations or will be implemented in time, and the Funds may be adversely affected thereby.

### Risk Management Failures.

Although Suvretta attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by Suvretta, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, Suvretta may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

### Effects of Health Crises and Other Catastrophic Events.

Health crises, such as pandemic and epidemic diseases (including the recent global outbreak of COVID-19), as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on Clients' investments and Suvretta's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances, the operations, including functions such as trading and valuation, of Suvretta and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the

occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

### Russian Invasion of Ukraine

The recent invasion of Ukraine by Russia, has created uncertainty in global financial markets, especially European markets. It is possible that ongoing fallout from the Ukrainian conflict will have effects on other European countries (i.e. cross-border refugee movements and other potential threats). A number of countries including the United States and certain European nations have imposed significant sanctions on Russia and businesses and persons affiliated with Russia. The long-term impact of the ongoing conflict and these sanctions remains to be seen, however they may prove to limit potential investment opportunities and may impair cash flow that is material to an investment if third parties doing business with a company underlying an investment are sanctioned parties. The regulatory framework of sanctions is often complex and transactions involving sanctioned parties can result in increased legal and compliance expenses.

### Inflation

Recent high inflation, and expected interest rate increases in response thereto, have led to a market correction in the U.S. and elsewhere, and have led many market participants and commentators to expect a more sustained economic downturn in the U.S. and/or globally. In response to high inflation, central banks and governments make take corrective actions, including adjusting short-term and long-term interest rates or changing monetary policies or interest-rate policies, which may adversely impact the lending environment and the Funds' investments. The full impact of inflation on markets, business activity and the global economy, as well as potential changes in economic and fiscal policies that may be adopted by governments to address the same, have not yet been fully identified or understood.

## **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, the principal nor any of its officers are registered as a broker-dealer or a representative of a broker-dealer or have 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 Partners of the US Funds are related entities of Suvretta. Suvretta also selected the three directors for the Cayman Funds, two of 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' and the Averill Co-Invest Funds' confidential private placement memorandums.

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**

### Code of Ethics

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. Suvretta’s personnel are required to certify their compliance with the Code of Ethics upon the commencement of their employment and at least annually thereafter. All Suvretta personnel are also required to comply with applicable securities laws, and to report any violation or suspected violation of the Code of Ethics to the CCO. 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.

On a daily basis, Suvretta’s Compliance Department reviews all trades from the same day 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 same day pre-clearance is obtained before executing any personal trade, subject to certain limited exceptions. For example, Adviser Personnel may personally trade shares of open-ended mutual fund companies (not including exchange traded funds), direct obligations of the U.S. government, commercial paper, certificates of deposit and other money market instruments without preapproval. Generally, Adviser Personnel are prohibited from buying and selling securities for their own accounts that are in the Funds’ portfolios and/or are placed on Suvretta’s restricted list unless an exemption applies. Suvretta’s CCO may permit such personal trading on a case by case basis. Suvretta has established internal policies, including the adoption of a Code of Ethics, designed to ensure that Adviser Personnel do not unfairly benefit from personal trading at the expense of any of Suvretta’s Clients. Adviser Personnel are required to disclose their personal securities holdings and transactions to Suvretta on a periodic basis. The Code of Ethics’ personal trading policy applies to accounts held by Adviser Personnel, their immediate family members and any other family member sharing such employee’s household.



Suvretta also has adopted policies and procedures that are designed to prevent the misuse of material nonpublic information (“MNPI”). Such policies and procedures strictly forbid Suvretta and its personnel from trading or recommending trading in securities of a company while in possession of MNPI about such company in violation of applicable securities laws. Suvretta utilizes certain procedures to mitigate the risk of trading on the basis of MNPI, which include but are not limited to periodic monitoring of the information flow to and between Suvretta Personnel and employee training.

In addition to the policies, procedures and restrictions described above, Suvretta also maintains policies and procedures that address and place limits on Suvretta personnel giving and receiving gifts and entertainment, making of political contributions, serving on outside boards of directors and other outside business activities that could give rise to potential conflicts of interest.

#### Participation or Interest in Client Transactions

Suvretta, its affiliates and personnel (“Suvretta Affiliates”) may invest in the same securities (or related securities) that Suvretta or an affiliate recommends to Clients, including private securities. Such practices present a conflict if, because of the information an employee has, the employee is in a position to trade in a manner that could adversely affect Clients (e.g., place his or her own trades before or after Client trades are executed in order to benefit from any price movements due to the Clients’ trades). Suvretta Affiliates may make co-investments together with the Funds. As a result of these co-investments, Clients may not be able to invest as much in a particular limited capacity investment as would be the case if such persons were not permitted to co-invest in these opportunities. In addition to affecting the individual’s objectivity, these situations may give rise to scenarios in which Suvretta personnel invest in securities of an issuer in which a Fund has an existing investment or makes a future investment, giving rise to potential conflicts.

#### Cross Trades and Principal Trades

A “cross trade” is a pre-arranged transaction not involving a broker-dealer or brokerage commission between two or more Client accounts that are managed by the same investment adviser. An investment adviser that proposes to engage in cross trading must make full disclosure of the practice in its Form ADV and to clients. The investment adviser must also ensure that the cross trade achieves best execution for any clients involved and that no client is disfavored by the cross trading. Compliance with the requirements of Section 206(3) of the Advisers Act is not required for cross trades between Clients; however, where a cross trade involves a Client account in which the adviser or an affiliate directly or indirectly holds an ownership interest (including through a performance fee), the SEC may deem such trade to be a principal transaction subject to Section 206(3), depending on the percentage of such ownership interest.

Suvretta has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions, including with respect to a decision to enter into such transactions and with respect to valuation, pricing and other terms. Because Suvretta represents the interests of both the seller and the buyer in a cross transaction, Clients for which Suvretta executes cross transactions bear the risk that other Clients in the cross

transaction will be treated more favorably, especially where the other Clients pay a higher investment management or performance-based fee or incentive allocation. Clients also bear the risk that the price of a security bought or sold through a cross transaction may be less favorable than it might have been had the transaction been executed in the open market, and the risk that they receive a security that is difficult to dispose of in a market transaction.

Section 206(3) of the Advisers Act prohibits Suvretta and any employee or other affiliate from trading with any Client on a principal basis, or from recommending an agency cross trade to both participants, unless Suvretta discloses the capacity in which it is acting to each participating Client in writing before completion of the transaction, and obtains each participating Client's consent to the transaction.

Suvretta may effect a cross trade between certain Clients only when such trade is consistent with applicable law and this policy and Suvretta has determined that such trade is in the best interest of each Client. Prior to engaging in the type of transaction described above, the responsible Suvretta portfolio manager must notify the CCO. The CCO will determine, with the advice of outside counsel as necessary, whether the cross transaction is a principal transaction. For purposes of determining whether a transaction is a principal transaction, accounts of Suvretta and its affiliates or other accounts controlled by Suvretta or its affiliates (within the meaning of the Advisers Act) may be treated as accounts of Suvretta. Additionally, an account of which Suvretta and/or its controlling persons, in the aggregate, own more than 25% will be deemed an account of Suvretta. The CCO will seek to ensure that the required notice is given and consent is obtained in accordance with Section 206(3) for principal transactions.

### Co-Investments

Suvretta has in the past and expects, from time to time in the future, to offer one or more Fund investors (including, without limitation, Suvretta Affiliates) or other third-party investors the opportunity co-invest with the Funds in particular investments. Suvretta Affiliates may, for example, offer such co-investment opportunities when the size of the opportunity exceeds the amount of capital that Suvretta believes should be invested by the Funds for which the investment is appropriate. Suvretta may also offer co-investment opportunities based on factors such as, but not limited to, the nature of the opportunity, speed of execution required, tax considerations, such persons' familiarity with, capability and history of making similar investments, such person's prior expressions of interest in making similar investments, the ability of such persons to generate future investment opportunities or provide other benefits to Suvretta and/or the Funds and/or to provide analytical and market advice or other expertise that may be valuable to Suvretta and/or the Funds, and other factors deemed by Suvretta to be relevant. In addition, Suvretta Affiliates may co-invest with the Funds whether or not the particular co-investment opportunity is offered to Fund Investors or other third-party investors.

Suvretta is not required to offer co-investment opportunities to any investor, and no investor will be entitled (or obligated) to participate in such an opportunity by reason of being a Fund Investor. The decision of Suvretta to offer (or not offer) co-investment opportunities to any investor will be made in the sole discretion of Suvretta. If it is determined to offer any co-investment opportunity to an investor, Suvretta will provide the details of such opportunity at

the time the offer is communicated to such investor. If Suvretta advises a committed co-investment vehicle in the future, such vehicle may be offered a co-investment opportunity before such opportunity is offered to any Fund investor, and no Fund investor will be entitled (or obligated) to participate in such an opportunity by reason of being an investor in a Fund.

Suvretta receives fees and/or allocations from co-investors, which may differ among co-investors, and which also may differ from the fees and/or allocations borne by Fund Investors. Additionally, co-investors may not bear certain expenses (e.g., broken deal expenses) that are borne by Fund Investors in connection with their investments in the Funds. Co-investors may have rights in addition to, and be subject to different terms as compared to, the rights and terms applicable to Fund Investors. For example, co-investors may receive minority protections, board seats or other control rights and may have different or advantageous rights with respect to their ability to exit the co-investment. If Suvretta advises a committed co-investment vehicle in the future, the fees, allocations and other terms and rights applicable to such investors in such vehicle may differ from the fees, allocations and other terms and rights applicable to Fund Investors.

## **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.

#### Trade Aggregation, Allocation and IPO Procedures

Suvretta has established policies and procedures for (i) bunching orders for purchases of securities and (ii) allocating securities purchased and sold among Clients. These procedures incorporate (1) the applicable restrictions of the federal securities laws, including the Advisers Act and (2) general principles of fiduciary duty relating to the bunching of transactions and the allocation of purchases and sales of securities among Client accounts.

Notwithstanding the foregoing, Suvretta recognizes that in certain circumstances, strict compliance with these procedures may not be feasible and that unusual or extraordinary conditions may on occasion warrant deviation from the standard practices and procedures set forth herein. In such circumstances, the CCO, in consultation with outside counsel (if appropriate) shall determine the appropriate action which, in his reasonable judgment, will serve the best interests of, and will be fair and equitable to, all Clients.

#### *General Policies*

Suvretta purchases or sells securities on behalf of its Clients based on their respective investment objectives and policies. Each transaction should be suitable for each Client in light of the characteristics of the specific security and the overall portfolio composition of such Client. Suvretta has a fiduciary obligation to use its best efforts to ensure that no Client is treated unfairly in relation to any other Client in the allocation of securities or the order of the execution of transactions. Suvretta will periodically monitor and evaluate the trade allocations

made during the preceding period, including whether allocations are made in accordance with the policies described herein.

Allocations of securities will be made first by determining the Client(s) for which a particular security is appropriate. Because of the differences in Client investment objectives, strategies, guidelines, restrictions, risk tolerances, tax statuses and other criteria, there will be differences among Clients in invested positions and investment opportunities held. If the security is appropriate for more than one Client, generally, an allocation between or among such Clients will be made pro rata based on the net asset value of such Clients, giving appropriate consideration to the current capital exposure (as well as leverage) to the applicable strategy utilized by the Clients. Under certain circumstances, other criteria will be used in the allocation process. These criteria include those set forth below.

Based on the foregoing, Suvretta generally will designate the amount of securities to be purchased or sold for each account participating in a bunched order at the time the order is communicated to the trading desk. Such pre-determined allocation will be based upon the risk parameters of each Client. If a bunched order is not completely filled, it will typically be allocated on a pro rata basis to all Clients participating in the order promptly following execution. Where a combined order is executed at more than one price over the course of a day, the executed transactions will be allocated so that each account receives the average unit price and bears its pro rata share of the transaction costs, to the extent reasonably practicable. To the extent that any of those orders remains unfilled following that allocation, the unfilled amount will be combined with subsequent orders in that security, if any, for allocation of subsequent transactions. In certain cases, when Suvretta determines that pro rata allocation is not appropriate under the particular circumstances, the allocation will be made based on other factors that Suvretta deems appropriate, including, without limitation, the avoidance of a Client holding odd lots or similar de minimis number of shares or the factors set forth below. In such cases, Suvretta will increase or decrease the amount of securities that would otherwise be allocated to each Client by reallocating the securities in a manner which Suvretta deems fair and equitable to Clients over time.

#### *Criteria for Allocations among Suvretta Clients*

- Client already having sufficient exposure to the securities, issuer or market in question;
- The different liquidity positions and requirements of the participating Clients;
- Tax considerations;
- Regulatory considerations;
- The relative capitalization and cash availability of the participating Clients;
- The relative risk and value-at-risk profiles of the participating Clients;
- Different strategies;
- Portfolio concentration considerations;
- Informal diversification requirements;
- Borrowing base considerations;
- Different historical and anticipated subscription and redemption patterns;
- Minimum investment criteria; and/or
- Investment time horizon.

The foregoing is not intended to be exclusive. As a fiduciary, Suvretta cannot arbitrarily distinguish among Clients and Suvretta cannot internally disproportionately allocate promising positions to underperforming Clients to boost performance or vice versa. However, Suvretta may, in good faith, determine that certain investments should be allocated only to certain Clients.

The Affiliated SPACs may invest in the same types of investment opportunities as the Funds. Accordingly, Suvretta may be required to allocate investment opportunities among the Funds and an Affiliated SPAC. In these instances, Suvretta will seek to act allocate investment opportunities among the Funds and the Affiliated SPAC in a fair and reasonable manner. Where Suvretta or its personnel acts as the sponsor of a SPAC, or have an equity interest in the sponsor vehicle of a SPAC, such persons will have a conflict of interest with respect to any decision to invest any Fund's assets in such SPAC. This is because, under the terms of the SPAC, the sponsors will receive a substantial and disproportionate (relative to invested capital) economic benefit if the SPAC is successful in acquiring a target company.

#### *IPO Procedures*

IPOs are offerings of securities which frequently are of limited size and limited availability. IPOs may trade at a premium above or at a discount below the initial offering price attained by Suvretta. In the event Suvretta participates in any new issues, Suvretta's policies and procedures are to allocate IPO shares fairly and equitably among its Clients according to a specific and consistent basis so as not to advantage itself, personal accounts or other related accounts and so as not to favor or disfavor any Client over any other.

Generally, shares of an IPO will be allocated to all Clients with an investment strategy and/or mandate that may hold such IPO. IPO allocations will generally be weighted pro rata in accordance with the size of the order unless a pro rata allocation unduly favors one Client over another. Very small allocations may be adjusted to ensure that Client portfolios do not receive an uneconomic allocation of stock. Also, a Client may not be allocated IPO shares due to regulatory considerations.

#### 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 as soon as practicable after discovery and in a way that mitigates any potential losses. Trade errors in a portfolio will generally be borne by the Client 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 portfolio manager of the Long-Short Funds and the SICAV Sub-account, Kishen Mehta, the portfolio manager of the Averill Funds and the Averill

Co-Invest Funds, 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 a Fund's 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 and/or the Funds' administrator 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 has entered 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 pays a percentage of the management and/or performance based fee collected from the Client to the Third Party Solicitor. Suvretta requires 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 accept or maintain physical possession of any of its Clients' assets, Suvretta is deemed to have custody of the Funds' assets under Rule 206(4)-2 of the Advisers Act (the "Custody Rule") because it has the authority to access the Funds' assets to deduct fees and expenses.

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 and the Averill Co-Invest Mini-Master, before accepting their subscriptions for interests or shares in the Feeder Funds or the Averill Co-Invest Mini-Master, as applicable, Suvretta provides all potential investors in the Feeder Funds and the Averill Co-Invest Mini-Master 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 or the Averill Co-Invest Mini-Master, 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 CCO 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 CCO 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) 702-5200.

## **ITEM 18 – Financial Information**

Not Applicable.