

**Item 1 – Cover Page**

**ABBOTT CAPITAL**

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

## **ABBOTT CAPITAL MANAGEMENT, LLC**

**This brochure provides information about the qualifications and business practices of Abbott Capital Management, LLC (“Abbott”).**

**The information in this brochure has not been approved or verified by The United States Securities and Exchange Commission (“SEC”) or by any State securities authority.**

**Abbott is registered as an investment adviser with the SEC. Registration as an investment adviser with the SEC does not imply any certain level of skill or training.**

**If you have any questions about the contents of this brochure, or about Abbott in general, please contact Abbott’s Chief Compliance Officer, Lauren Massey, at (212) 757- 2700.**

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

### **ABBOTT CAPITAL MANAGEMENT, LLC**

Current Address:

1211 Avenue of the Americas  
Suite 4300  
New York, New York 10036

Address Effective May 7, 2012:

1290 Avenue of the Americas  
9<sup>th</sup> Floor  
New York, NY 10104

**[WWW.ABBOTTCAPITAL.COM](http://WWW.ABBOTTCAPITAL.COM)**

**March 30, 2012**

**Item 2 – Material Changes**

This Item 2 contains a summary of any material changes to our disclosure since our last annual update. Abbott expects to update this brochure no less than annually.

Developments at Abbott since our last brochure was prepared include the following:

1. Abbott executed a lease in July 2011 and anticipates relocating its principal office on or around May 7, 2012 to 1290 Avenue of the Americas, 9<sup>th</sup> Floor, New York, NY, 10104.
2. In 2011, Abbott formed Abbott Capital Management (Europe), LLP (“Abbott Europe”) as a subsidiary located in London. Abbott Europe is currently engaged to conduct certain investment research and due diligence, primarily with respect to European private equity investment opportunities, and provide assistance to Abbott’s investment staff in the United States. Abbott (Europe) is currently in the process of seeking registration as an investment adviser with the Financial Services Authority in the United Kingdom.

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#### Item 4 – Advisory Business

Abbott Capital Management, LLC, an investment adviser registered with the SEC, was founded in 1986 to provide private equity portfolio construction and investment management services to institutional investors.

Abbott is 100% independently owned and managed by its members. As of March 30, 2012, none of Abbott's members individually owned 25% or more of the company.

Abbott focuses exclusively on private equity by making investments for both funds of funds (pooled investment vehicles) and separate account clients in professionally managed venture capital and growth equity, buyout and special situations funds. Abbott supplies investment management and portfolio supervisory services to institutional clients, private equity funds of funds sponsored by third-party institutional investors, and private equity funds of funds sponsored by Abbott or an affiliate of Abbott. Abbott-sponsored funds of funds are referred to in this brochure as the "Abbott Funds."

Abbott's general investment strategy is to seek to construct diversified private equity portfolios through the selection and purchase of limited partnership interests in professionally managed private equity funds. We acquire fund investments for client portfolios principally through direct subscriptions to private equity partnerships (and/or other limited liability vehicles) and/or privately negotiated transactions in the secondary market.

Abbott tailors its advisory services to the specific investment objectives and restrictions of each Abbott Fund pursuant to the applicable investment guidelines and restrictions set forth in the relevant confidential private placement memorandum, limited partnership agreement, investment management agreement and other governing documents pertaining to such Abbott Fund (collectively, the "Governing Documents"). Investors and prospective investors in each Abbott Fund should refer to the Governing Documents of the applicable Abbott Fund for complete information on the general investment objectives, investment restrictions and material risks associated with such Abbott Fund.

Abbott also provides specially tailored advisory services to clients via separately managed accounts. Separately managed accounts are managed in accordance with the investment objectives, restrictions and guidelines set forth in such client's investment management agreement with Abbott.

As of September 30, 2011, Abbott's assets under management were as follows:

Discretionary:	\$6,969,742,576
Non-Discretionary:	<u>179,245,872</u>
Total:	\$7,148,988,448

Abbott does not participate in any wrap fee programs.

## **THE ABBOTT FUNDS**

The Abbott Funds are pooled investment vehicles typically organized as limited partnerships. We offer interests in the Abbott Funds to potential investors (known as “limited partners”) who wish to participate in private equity by making an investment in a professionally managed private equity fund of funds. An affiliate of Abbott acts as the general partner of each Abbott Fund. In addition, Abbott is retained directly by the Abbott Fund to act as the Abbott Fund’s discretionary investment manager/adviser. The specific terms and conditions applicable to the Abbott Fund, as well as the Abbott Fund’s investment focus, investment guidelines, and investment restrictions, if any, are described in the Abbott Fund’s Governing Documents. The general investment guidelines and restrictions applicable to any particular Abbott Fund are negotiated and fixed at the time that the particular Abbott Fund is formed, subject to any subsequent amendments to such Abbott Fund’s Governing Documents.

In accordance with common industry practice, the general partner of an Abbott Fund may enter into “side letters” or side agreements with certain investors in an Abbott Fund whereby the general partner (an affiliate of Abbott) may grant individual investors specific rights, benefits, or privileges not set forth in the Governing Documents. Such investor specific rights, benefits or privileges may not be applicable to all investors and therefore may not be made available to all investors generally.

As of March 30, 2012, Abbott managed three distinct Abbott Fund families: the Abbott Capital Private Equity Funds (the “ACE Funds”); the Abbott Select Funds (the “Select Funds”); and the Abbott Annual Program Funds (the “AP Funds”).

### *The Abbott Capital Private Equity Funds (the “ACE Funds”)*

The ACE Funds are designed to provide professionally managed participation in strategically selected venture capital and growth equity, buyout and special situations funds for investors seeking a core, diversified, global portfolio of private equity investments. The ACE Funds seek to build portfolios with a high degree of diversification, by industry, geography and stage, as well as by vintage year, style and size of portfolio investment, with the goal of constructing a core diversified private equity portfolio balanced among a variety of sub-segments of the market.

### *The Abbott Select Funds (the “Select Funds”)*

The Select Funds are specialized portfolios designed to provide additional diversification into select private equity strategies for investors that may already hold a core, diversified portfolio of private equity investments. For the Select Funds, Abbott screens and evaluates investment opportunities offered by private equity managers that may not be well-known, typically

management teams offering smaller-sized funds or funds raised by firms created by spinouts, reconstituted funds and new teams of experienced partners being formed, in part, because of constant evolution among the managers of private equity funds.

*The Abbott Annual Program Funds (the “AP Funds”)*

Abbott’s AP Funds are organized to accommodate the requirements of a select few investors seeking core, diversified, global private equity portfolios that prefer to separately allocate significant capital each year as part of their long-term investment strategy.

**SEPARATELY MANAGED ACCOUNTS**

Abbott also provides discretionary investment management and portfolio management services to separately managed accounts. The advisory services provided to separately managed accounts are tailored to the individual private equity needs of the client. These clients include institutions and private equity funds of funds sponsored by third party institutional investors with a substantial and continuing allocation to private equity who wish to delegate all investment management and authority with respect to their private equity investments by retaining Abbott as investment manager pursuant to an individualized investment management agreement. The investment management agreement negotiated between the client and Abbott will control with respect to any applicable investment guidelines or investment restrictions placed on the account.

In certain circumstances, Abbott may also agree to provide non-discretionary investment management services to separately managed accounts. The investment management agreement negotiated between the client and Abbott will control with respect to any applicable investment guidelines, investment restrictions and/or limitations on the discretionary authority placed on the account.

## Item 5 – Fees and Compensation

### THE ABBOTT FUNDS

#### *Compensation and Fee Schedules*

As the investment adviser or manager to an Abbott Fund, Abbott typically charges an annual advisory fee and, in certain instances, an affiliate of Abbott charges a performance-based fee or allocation, as described in the relevant Governing Documents. The fees and other compensation payable to Abbott or an affiliate by an Abbott Fund may vary from fund to fund and may be different from the fees and compensation payable in respect of any prior or successor Abbott Fund. All investors should review the Governing Documents of the relevant Abbott Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to that particular Abbott Fund. Investors and prospective investors in an Abbott Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. The Abbott Funds are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940 (as amended, the “Company Act”) and therefore specific fee information is not disclosed in this brochure.

#### *Deduction of Fees; Timing of Payments; Fees upon Termination*

Abbott is authorized under the Governing Documents to charge and deduct advisory fees directly from the Abbott Funds. Payments of advisory fees are generally made quarterly in advance and in accordance with terms agreed upon by Abbott and each respective Abbott Fund. Please refer to the Governing Documents of each of the Abbott Funds for complete information on the timing of advisory fee payments.

In certain circumstances, an affiliate of Abbott acting as the general partner of the Abbott Fund may be entitled to receive a performance-based fee, sometimes referred to as “carried interest.” Generally speaking, the general partners of certain Abbott Funds are entitled to receive a carried interest in an amount equal to approximately 10% of the aggregate net profits realized from all, or a certain type of (e.g., “mature”), secondary investments (as defined in the Governing Documents). In general, a secondary investment is an interest in a private equity fund purchased directly from an existing investor in that fund.

Although Abbott typically no longer invests directly in portfolio company co-investment opportunities on behalf of the Abbott Funds, the general partner of certain existing Abbott Funds may also generally be entitled to receive a carried interest in an amount equal to approximately 10% of the aggregate net profits realized from the sale or liquidation of direct portfolio company co-investments made by that Abbott Fund. Carried interest, if applicable, is deducted when earned and payable in accordance with the Governing Documents of the specific Abbott Fund.

See “*Item 6 – Performance-Based Fees and Side-By-Side Management*” for further discussion of the Abbott Funds’ performance-based fee arrangements.

Upon termination of Abbott’s advisory services, any prepaid, unearned fees will be promptly refunded (adjusted on a pro rata basis), and any earned, unpaid fees will be due and payable.

#### *Other Fees and Expenses*

In addition to the advisory fees (and, in certain circumstances, carried interest) payable to Abbott, each Abbott Fund will incur certain additional charges that are imposed on the Abbott Fund by third parties. These additional charges are typically set forth in the Governing Documents of the Abbott Fund and may include (but are not limited to): fees, costs and expenses of any custodians, attorneys, accountants, auditors, valuation experts or other professionals (including costs and expenses for tax and audit services to the Abbott Fund); out-of-pocket costs and expenses, if any, incurred in developing, negotiating, structuring, monitoring, or, to the extent applicable, disposing of, portfolio investments of the Abbott Fund, including without limitation any financing, legal, accounting, advisory or other professional expenses and expenses incurred in connection with attending meetings of portfolio investments or with representatives of such portfolio investments; the costs and expenses (including travel-related expenses of Abbott or the applicable general partner) of holding meetings or conferences with the Abbott Fund’s investors; out-of-pocket costs and expenses, if any, incurred by or on behalf of the Abbott Fund in developing, negotiating and structuring prospective or potential portfolio investments which are not ultimately made, including without limitation any legal, accounting, advisory and financing costs and expenses in connection therewith (to the extent not otherwise reimbursed); brokerage commissions, registration fees and expenses, custodial expenses, other bank service fees and other investment costs, fees and expenses actually incurred in connection with actual portfolio investments; interest on and fees and expenses arising out of all borrowings made by the Abbott Fund, including, but not limited to, the arranging thereof; the costs of any litigation, liability or other insurance and indemnification or extraordinary expenses or liabilities relating to the affairs of the Abbott Fund; the costs of dissolving the Abbott Fund and liquidating the Abbott Fund’s assets; certain expenses incurred by the Abbott Fund’s advisory board members and Abbott professionals in connection with their attendance at advisory board meetings, including travel, meals and lodging; and any taxes, fees or other governmental charges levied against the Abbott Fund, all expenses incurred in connection with any tax audit, investigation, settlement or review of the Abbott Fund and certain other expenses as set forth in the Governing Documents of each Abbott Fund.

The section titled “*Brokerage Practices*” describes the factors we consider in selecting or recommending broker-dealers and determining the reasonableness of their compensation.



## SEPARATELY MANAGED ACCOUNTS

### *Compensation and Fee Schedules*

Abbott's advisory fees for services to separate account clients vary with the level of services provided. The basic annual management fee for investment management services for separate account clients is individually negotiated and may be based on the market value of client assets employed, charged as a fixed fee, or based upon terms relevant to an individual client's needs, including in some circumstances, fees calculated as a percentage of committed capital or based upon investment performance. Separate account clients should note that similar advisory services may (or may not) be available from other investment advisers for similar, higher or lower fees. All separate account clients are "qualified purchasers" as defined in Section 2(a)(51) of the Company Act and therefore specific fee information is not disclosed in this brochure.

### *Deduction of Fees; Timing of Payments; Fees upon Termination*

Except to the extent permitted by the governing agreements of the applicable separately managed accounts, Abbott typically does not deduct advisory fees directly from a separately managed account. Separate account clients generally are billed and pay fees quarterly in arrears, although some clients may agree to be billed and pay quarterly in advance. Upon termination of any account, any prepaid, unearned fees will be promptly refunded (adjusted on a pro rata basis), and any earned, unpaid fees will be due and payable.

### *Other Fees and Expenses*

Abbott's advisory fees charged to separate account clients are exclusive of brokerage commissions, custodial fees, trustee fees, transaction fees, sales charges, transfer expenses and other related costs and expenses, which will be incurred directly by the client. Clients may incur certain charges imposed by their custodians, trustees, brokers and other third parties, such as fees charged by other investment advisers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, expenses, costs, fees, and commissions are exclusive of and in addition to our fees, and we do not receive any portion of such commissions, expenses, costs, fees, or commissions.

The section titled "*Brokerage Practices*" describes the factors we consider in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

Certain separate account clients may choose to invest in existing or future Abbott Funds. The investment decision with respect to any investment by a separate account client in an Abbott Fund is made by such client, in its sole discretion.

**CONFLICTS AND TRANSACTION-BASED COMPENSATION**

Occasionally, an Abbott Fund or other separately managed account may purchase an interest in an Abbott Fund, provided that the sale or purchase is consistent with Abbott's fiduciary obligations to each client. While Abbott at all times acts in the best interests of its clients, clients and investors should be aware that Abbott's receipt of compensation from each of the Abbott Funds and/or other separately managed account, and the contribution of additional capital by another Abbott Fund or separately managed account to an affiliated Abbott Fund, creates the potential for conflicts of interest.

The Abbott Funds will generally purchase securities and investments recommended by Abbott directly from issuers or third parties that are not affiliated with Abbott. Investors are requested to refer to the Governing Documents of the Abbott Funds for complete information on any such engagements and any conflicts of interest they present. Except as set forth above or otherwise in this brochure or the applicable Governing Documents, neither Abbott nor its supervised persons accepts compensation or commissions from third parties for the sale of securities or other investment products to our clients.

**Item 6 – Performance-Based Fees and Side-by-Side Management**

In certain instances as described above, Abbott or an affiliate is compensated under performance-based fee arrangements (e.g., carried interest). All such compensation is intended to be in compliance with Rule 205-3 of the rules and regulations promulgated by the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Any performance-based fees or carried interest paid to Abbott or an affiliate is separate and distinct from the advisory fees charged by Abbott for advisory services. Please refer to the Governing Documents of each Abbott Fund or the investment management agreement for each separately managed account for complete information on the performance-based fee arrangements of each Abbott Fund or separately managed account.

In addition, each private equity investment vehicle in which Abbott’s clients acquire an interest will generally pay a carried interest, advisory fees and/or other fees and expenses to a management company and/or general partner that is not affiliated with Abbott. Carried interest and any fees and expenses paid to Abbott for investment advisory or management services are separate and distinct from the carried interest, fees and expenses charged by the independent investment advisers or general partners of the private equity funds in which clients are invested.

Performance-based fees or carried interest allocation arrangements received by Abbott or its affiliates may create an incentive for Abbott to recommend investments that could be riskier or more speculative than those that would be recommended under a different fee arrangement. Abbott, however, subjects each prospective investment to a comprehensive due diligence procedure and a strict approval process, regardless of the client(s) participating in such prospective investment.

In addition, different Abbott Funds and/or separately managed accounts may be subject to different performance-based compensation arrangements (including, in certain circumstances, no performance-based compensation). If Abbott or an affiliate of Abbott is entitled to receive a higher percentage of the net profits of the account of one Abbott Fund or separately managed account than the percentage that Abbott or an affiliate receives from another Abbott Fund or separately managed account, then Abbott may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the Abbott Fund or separately managed account that is subject to the higher percentage. To mitigate potential conflicts, allocation of commitments and decisions to invest in limited partnership investment opportunities are made by Abbott for all clients with capital available for investment in the relevant strategy of the opportunity at such time in accordance with Abbott’s investment allocation process. Abbott’s allocation process takes into account multiple criteria, including: specific and individual account objectives, if any, account size and capital available for investment, the stage of development of an account’s portfolio, the existing investment mix of an account, the diversification needs of the account, the size of the investment opportunity, the criteria for investment set by the underlying fund investment’s manager or general partner, and/or the ability to make meaningful investments for

each client. In the event the investment opportunity secured by Abbott is not sufficient to accommodate the full investment objectives of each client for which the investment opportunity would have otherwise been determined to be suitable by Abbott, our current investment allocation process provides that such opportunities be allocated among the suitable clients based on the targeted strategic annual investment level of each suitable client. We may allocate secondary investment opportunities solely to those clients or Abbott Fund families that have an existing investment or interest in such fund investment.

**Item 7 – Types of Clients**

Abbott typically provides investment advisory services to the following types of clients:

- Corporations
- State or municipal government entities
- Non-U.S. institutions
- Pension and profit-sharing plans
- Pooled investment vehicles

The limited partners of the Abbott Funds may include the following types of investors:

- Corporations
- Endowments
- Estates
- Foundations
- State or municipal government entities
- High-net worth individuals
- Non-U.S. institutions
- Pension and profit-sharing plans
- Pooled investment vehicles
- Trusts

We may establish feeder funds to address particular tax or regulatory requirements of the Abbott Fund investors (each, a “Feeder Fund”). A Feeder Fund, if formed, would generally be a limited partner of the Abbott Fund and interests in the Feeder Fund would be held by the investors who elect to participate in the Abbott Fund through such Feeder Fund. We may also form other alternative investment vehicles, parallel funds or special purpose vehicles (collectively, “SPVs”) formed for the purpose of facilitating certain investments by one or more Abbott Funds and/or investors. Investors in the Abbott Funds are requested to refer to the Governing Documents of the applicable Abbott Fund for complete details on any Feeder Fund established by an Abbott Fund and the Abbott Fund’s ability to make investments through an SPV.

***Minimum Investment Requirements***

In general, Abbott requires that each limited partner in an Abbott Fund and separate account client be an “accredited investor” as defined in Regulation D under the Securities Act of 1933 and, in most cases, a “qualified purchaser” as defined by the Company Act.

Investors in the Abbott Funds are requested to refer to the Governing Documents of the applicable Abbott Fund for complete information on the minimum investment requirement for participation in that Abbott Fund. The stated minimum commitment to the ACE Funds is typically \$5 million; the stated minimum commitment to the Select Funds is typically between \$15 and \$50 million; and the stated minimum commitment requirement for the AP Funds is typically between \$45 and \$50 million per year. Abbott does, however, maintain discretion to individually waive, increase or reduce the minimum investment commitment required for any of its products or strategies and has done so in the past.

We generally do not seek to establish new separate account relationships unless the potential separate account client is seeking to invest at least \$100 million. However, we may at any time agree to construct, manage or monitor a private equity portfolio for an amount greater or less than \$100 million.

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

### **INVESTMENT STRATEGY**

Abbott employs the following investment strategy for client accounts: to select, and in cases where we have discretionary authority, purchase, limited partnership interests in professionally managed private equity funds. We acquire these investments for our clients primarily through direct subscriptions to private equity funds (typically structured as limited partnerships or other limited liability vehicles) and opportunistically through privately negotiated transactions in the secondary market. In an effort to manage risk and balance our clients' participation in the private equity asset class, we seek to construct well-diversified client portfolios. Our goal is to construct our clients' portfolios in a manner that ensures the opportunity for meaningful exposure to a variety of different types and styles of underlying portfolio companies. In each portfolio, we seek to invest in multiple private equity funds that employ a variety of diverse strategies and disciplines.

### **METHODS OF ANALYSIS**

In general, Abbott analyzes investment opportunities using fundamental criteria such as prior track record, quality and experience of the team of principals managing the prospective investment, and the logic and coherence of the prospective fund's investment strategy. We employ both qualitative and quantitative due diligence methods to analyze potential investments for our clients.

As part of the qualitative analysis of potential investments, we review and seek out in-depth information on the backgrounds of the principals managing the investment, including their relevant industry, professional and strategic relationships. We also analyze the manager's historical performance and the history, cohesiveness and experience of the principals working together as a management team. We review offering circulars, limited partnership agreements, subscription documents, and perform reference checks, all as part of our independent due diligence effort.

Quantitative analysis is also necessary to appropriately analyze the performance of a private equity team. Generally, we obtain cash flow figures from prior funds to verify the integrity of data; we focus on the historical track records presented by the management group; and, where relevant, we sort and analyze the relevant attribution of investment results by individual manager, as well as by relevant investment focus, geography, industry and stage. At times we also consider a manager's prior valuation of individual portfolio companies to form a perspective on the adequacy and appropriateness of a manager's valuation policies.

## MATERIAL RISKS

Private equity investing, including an investment in an Abbott Fund, entails a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating and bearing certain risks. We may not be able to achieve the investment objectives for any particular Abbott Fund or separate account mandate and any investor or client may not receive a return of their capital. Historically, private equity returns have varied greatly over time, depending on the conditions at the time investments were made and when investments were exited by the private equity funds. A potential private equity investor should invest only if able to withstand a total loss of investment.

Successful private equity investing is subject to risks related to: (i) the quality of the team managing the funds and the quality of management personnel at their portfolio companies; (ii) the ability of a fund's investment team to select attractive investment opportunities; (iii) general economic conditions prevalent during a fund's investment and divestment stages; and (iv) the ability of a fund to liquidate its investments. Private equity investments may not result in rates of return that are equal to or better than the average rate of return on investments in other funds or asset classes. Abbott will not be participating in the management and control of the funds in their clients' portfolios, and will have no control over the selection of portfolio company investments by the managers of the funds. The success or failure of any portfolio will rely in part on the success or failure of the investment decisions made by the management teams with respect to the investments in such portfolio.

We urge investors to review carefully the risk factors set forth in the relevant Abbott Fund's Governing Documents. In addition to those risk factors, an investor or client should also carefully consider the following risks prior to making an investment in an Abbott Fund or engaging Abbott to construct a private equity portfolio:

### *No Assurance of Profit or Distributions*

Investments held in the portfolio of either an Abbott Fund or separate account client may not be profitable. Distributions may not be received, and there is no assurance that any Abbott Fund will be able to make distributions to investors. A return on investment will depend upon successful investment decisions being made by Abbott as well as by the management teams of underlying investment partnerships and, thus, the ultimate value of any fund investment will depend upon many factors beyond Abbott's control.

### *Multiple Layers of Expense*

As discussed in *Item 6*, in addition to performance-based allocations or fees, the Abbott Funds, as well as the underlying partnership investments, generally impose management fees and other expenses on investors. Such fees and expenses will result in greater expenses and lower returns than if limited partners were able to invest directly in the partnership investments. Fees and



expenses charged by an Abbott Fund, or by a partnership investment, will generally be paid regardless of whether the Abbott Fund or the underlying partnership investment produce positive investment returns.

#### *Unpredictability of Cash Flows*

Return of capital and realization of gains, if any, on investments may not occur for several years after the initial investment and may not occur at all. Neither Abbott nor the Abbott Funds has or is likely in the future to have any influence over the timing of contributions to or distributions received from the private equity funds in which our client accounts are invested. Distributions are likely to be unpredictable and may occur earlier or later than anticipated or not at all. To the extent distributions are received at all, investors should not expect a return of capital or any distributions for a significant period of years after their investment is made.

#### *Portfolio Company Risks*

Partnerships in which an Abbott Fund or separately managed account will invest may invest in portfolio companies that involve a high degree of business or financial risk. The portfolio companies may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. Underlying partnerships may also invest in companies that are experiencing, or are expected to experience, financial difficulties that may never be overcome. In addition, the portfolio may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition.

#### *Long-Term Investment; Illiquidity of Fund Investments*

An investment in a private equity fund, including any Abbott Fund, is a long-term commitment. Investors may not receive distributions prior to or upon liquidation of any private equity fund. A limited market exists for the sale of private equity fund investments, and the transferability of private equity fund investments is generally restricted. Investors in the Abbott Funds may not be able to transfer their interest in the Abbott Fund. Similarly, there are no assurances that Abbott will be able to liquidate a particular fund investment held in a client's portfolio, or that the manager of a fund investment will be able to exit their investment in an operating company, at the time and upon the terms desired. In addition, due to ongoing fluctuations in the securities markets, and the lag in reporting typical in private equity, the reported value of any individual fund investment or the portfolio as a whole may not represent the actual current or long-term value of such fund or portfolio as a whole.

#### *Management of the Portfolios*

Decisions regarding the management of the Abbott Funds will be made by Abbott and the general partner of each respective Abbott Fund. Limited partners have no right or power to take part in the management of any Abbott Fund. Investors will have no opportunity prior to investing in an Abbott Fund to review or evaluate the specific investment opportunities to be selected by us for the Abbott Fund and, with respect to separately managed accounts, no client with a discretionary mandate will be able to review or evaluate the specific investment opportunities selected by us for the portfolio prior to investment. In addition, investors and clients may not receive directly any detailed financial information issued by the managers of the private equity fund investments. Such detailed financial information may be available solely to Abbott. Each limited partner or discretionary separate account client must rely upon Abbott's ability to identify, structure and make investments consistent with relevant investment objectives, guidelines and policies. Accordingly, no person should become an investor in an Abbott Fund, or engage Abbott for a discretionary private equity mandate, unless such person is willing to entrust all aspects of the management of the Abbott Fund, or such client's portfolio, to Abbott.

#### *Dependence on Managing Directors and Other Professionals of Abbott Capital*

The success of our clients' portfolios will be largely dependent upon the activities of our managing directors and the other investment professionals we employ. The loss of one or more of these individuals could have a significant adverse impact on the ability of Abbott to satisfy a client's mandate, on our business or the business of the Abbott Funds.

#### *Reliance on Management of Partnership Investments*

Generally, Abbott will invest its client's capital directly in partnership investments managed by investment managers unrelated to Abbott and, therefore, portfolio company investments made by such partnerships will be selected by unrelated investment managers over which neither an Abbott Fund, its general partner, the client nor Abbott have any control. Abbott will not play an active role in the day-to-day management of such underlying investments. Moreover, Abbott will generally not have an opportunity to evaluate specific portfolio company investments made prior to the time such investments are made. As a result, portfolio returns will depend, in a large part, on the performance of these unrelated investment managers and could be substantially adversely affected by the unfavorable performance of a small number of investment managers to the extent the portfolio is limited or the investments are substantial.

#### *Competition for Investments*

The activity of identifying and completing attractive private equity fund investments is highly competitive, and Abbott will be competing with other similar investors for the acquisition of investments. Competition may come from other investment advisory/management firms, industrial groups, financial institutions and other entities. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. There can be no

certainty that Abbott will be able to identify and complete a sufficient number of attractive fund investments to meet client investment objectives or enable the full amount of capital committed to an Abbott Fund or available for investment by a separately managed account to be invested. In addition, many of the top-quality private equity funds in which Abbott invests are oversubscribed.

#### *Management Time and Attention*

There may be occasions when Abbott and its affiliates encounter potential conflicts of interest in connection with the investment activities of the Abbott Funds or Abbott's separately managed accounts. Notwithstanding a new client account or new Abbott Fund, the managing directors of Abbott will continue to devote time to the business of existing Abbott Funds, Abbott's separate account portfolios, fund investments, and to any future funds that the managing directors may organize. Conflicts may arise in the allocation of the managing directors' time among the Abbott Funds and other client relationships. Abbott presently manages client accounts and may in the future manage additional client accounts that have investment objectives comparable, in whole or in part, to those of the Abbott Funds or existing separate accounts. As a result, existing Abbott Funds and separate account clients may face competition for the time and attention of Abbott's investment professionals.

#### *Economic and Market Risk*

Private equity funds and their portfolio companies may be sensitive to general downward swings in the overall economy or in their specific industries or geographies. Factors affecting economic conditions, including, for example, inflation rates, credit market uncertainty, capital market instability, currency devaluation, exchange rate fluctuations, industry conditions, competition, technological developments, domestic and worldwide political, military and diplomatic events and trends and innumerable other factors, none of which will be in our control, can substantially and adversely affect the fund's business prospects or our business prospects. A recession or adverse developments in the credit or securities markets might have an impact on some or all of our clients' investments. A sustained period of low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved. Abbott may rely upon its own or a private equity fund manager's views, opinions or projections concerning a fund's future performance in making investment decisions. Such views, opinions and projections are inherently subject to uncertainty and to factors beyond the control of the fund, the Abbott Fund, Abbott separate account clients and Abbott.

#### *Certain Risks With Respect to Underlying Fund Manager's Carried Interest*

As noted earlier, the managers of underlying private equity funds may be entitled to receive carried interest or other incentive fees or performance allocations. These compensation

arrangements may create an incentive for such managers to make investments that are riskier or more speculative than would be the case absent such compensation arrangements.

*Products with Limited Strategies*

From time to time, Abbott may offer products with a limited strategy, such as those offered through Abbott's Select Funds. Investors in these types of funds should be aware that such strategies typically will not provide the same level of diversification as other products offered by Abbott.

**Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your continued evaluation of our company or the integrity of our management. At the present time, we do not have any material legal, financial or other disciplinary items to report to you.

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

Neither Abbott nor any of its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, Abbott and its management persons are not affiliated with any broker-dealer.

Neither Abbott nor any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Abbott and its related persons are, directly or indirectly, the general partners, limited partners or managing members of the general partner of each of the Abbott Funds. Certain principals and related persons of Abbott may spend a substantial portion of their business time on one or more of the Abbott Funds as may be required pursuant to the terms of such Abbott Fund's Governing Documents. Investors are urged to refer to the Governing Documents of each Abbott Fund for complete information on the requisite time commitments of Abbott and its related persons to the Abbott Funds.

In 2011, Abbott formed Abbott (Europe) as a subsidiary in London. Abbott (Europe) currently conducts certain investment research and due diligence, primarily with respect to European private equity investment opportunities, and provides assistance to Abbott's investment staff in the United States. Abbott (Europe) is currently in the process of seeking registration as an investment adviser with the Financial Services Authority in the United Kingdom.

As a private equity manager, Abbott selects private investment funds for our clients. Certain of our principals and/or related persons may be invited to serve on the advisory boards of the investment funds in which the Abbott Funds or our separate account clients invest. As an advisory board member, we may be asked to provide advice on certain conflicts of interest and other matters pertaining to such investment funds. There may be instances where we are asked to vote on issues, taking the needs of all investors in such investment funds into account.

**Item 11 – Code of Ethics**

Abbott adheres to a strict Code of Ethics (the “Code”) designed to monitor employees’ personal securities transactions and identify and mitigate conflicts of interests with our clients. The Code includes Rules of Conduct, Policies and Procedures to Prevent the Misuse of Material Non-Public Information, and Personal Trading Policies. The Code subjects each employee to appropriate restrictions on activities and securities trading, and provides information on certain prohibited transactions, internal review and compliance procedures, quarterly and annual reporting requirements, and well-defined rules of business conduct, each of which is intended to prevent or detect potential conflicts of interest. The Code also includes policies and procedures to prevent the misuse of material non-public information in the possession of Abbott or its affiliates. Strict compliance with the Code and applicable securities laws is a basic condition of employment with Abbott and each employee is obligated to individually read and retain a copy of the Code as well as certify that they have read and understand the Code. We review compliance with the Code on an ongoing basis, and employees may be subject to disciplinary actions as severe as dismissal for certain infractions.

All employees are required to submit an initial and, thereafter, an annual holdings report, as well as quarterly transaction reports or equivalent brokerage statements, detailing the securities held, purchased and/or sold during the relevant period. In addition, all employees must pre-clear certain securities trades (subject to exceptions) to ensure that potential conflicts of interest are adequately identified and addressed in a timely manner.

Without the prior consent of the Chief Compliance Officer or other authorized personnel of Abbott, no employee of Abbott may individually:

- purchase or sell an interest in a private equity fund which was or is being purchased or sold for a client, or is being actively considered for purchase or sale by a client;
- purchase or sell a security of a company whose securities are held by a private equity fund or have been received from a private equity fund and are being held by a client pending its sale or distribution;
- purchase a new class of equity security of a company in an initial public offering;
- purchase a security in a private offering by a company;
- purchase from or sell to a client any securities or other property, nor engage in any transaction to which a client is a party, or which transaction has a significant relationship to any action taken by a client, except as may be expressly permitted by the Code; nor
- buy or sell a security which has been recommended to a client until all client transactions based on such recommendation have been completed; provided, however, that certain members and employees of Abbott may participate as direct or indirect partners of the general partners of the Abbott Funds.

Our rules of conduct include, among other things, requirements that all employees:

- Conform their business conduct to applicable state and federal laws and regulations;
- Refrain from seeking or accepting gifts or preferential treatment of material value from any actual or potential supplier of goods or services to Abbott or our clients; and
- Refrain from engaging in outside employment or serving as a consultant or fiduciary to a third party without the consent of the Chief Compliance Officer.

We have also adopted a comprehensive compliance program which includes, among other things, a records retention and communication policy, an information security program intended to protect the confidentiality of the information retained by Abbott and ensure compliance with applicable laws and regulations, a political contributions policy, a gifts and benefits policy, an anti-corruption policy, and an investment allocation process which is applicable to all clients and investment opportunities.

You can request a copy of our Code of Ethics by writing to Lauren M. Massey at Abbott at the address forth in *Item 1*.

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

As general partners, limited partners or managing members of the general partners of each of the Abbott Funds, Abbott and its related persons have indirect beneficial interests in the securities owned by the Abbott Funds and will share in any profits and losses generated by such investments. Additionally, Abbott may invest one or more of its separate accounts in the same investments it has made for one or more of the Abbott Funds. Before Abbott makes a recommendation that a client buy or sell a security, all related persons that have direct ownership of such security at the time of such recommendation are required to disclose such interest to Abbott and will not be permitted to participate in the discussions or authorizations to recommend that the Abbott client buy or sell such security. A related person shall not be so restricted if such person's only interest in a security is held indirectly through one of the general partner entities of the Abbott Funds. Moreover, in certain situations, affiliates or related persons of Abbott may purchase interests in the same portfolio investments held by one or more of the Abbott Funds or separately managed accounts. All such transactions are subject to compliance with Abbott's Code, as described above.

While Abbott has not historically engaged in principal transactions with any of the Abbott Funds or other client accounts, it is possible that Abbott and/or certain related persons of Abbott may, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain Abbott Funds in connection with certain "warehousing" transactions, provided that the sale is consistent with Abbott's fiduciary obligations to each of the Abbott Funds involved in such transaction. Such transactions will be fully disclosed and the written consent of the appropriate Abbott Fund(s) (which, in certain circumstances, may be provided by the relevant Abbott Fund's advisory committee) will be obtained prior to the



consummation of any such transactions in accordance with Section 206(3) of the Advisers Act and all other applicable state and federal securities laws, in each case to the extent such laws, rules and/or regulations apply.

Abbott may also cause an Abbott Fund or separately managed account to engage in a “cross transaction” via the purchase or acquisition of an interest from, or sale or transfer of an interest to, another Abbott Fund or separately managed account, provided that the transfer is consistent with Abbott’s fiduciary obligations to each Abbott Fund and/or separately managed account participating in the cross transaction.

While Abbott endeavors at all times to act in the best interests of its clients, investors in the Abbott Funds and Abbott’s separate account clients should be aware that the types of transactions described above create a potential conflict of interest.

**Item 12 – Brokerage Practices**

Abbott has agreed in certain instances to direct the liquidation of securities distributed to clients by private equity limited partnership investments on a discretionary basis. Shares are generally sold through third-party brokers selected by Abbott in blocks for all discretionary clients participating in a specific stock distribution. A partial sale of a block order is initially allocated proportionately among clients based on the number of shares distributed to such clients. Subsequent sales are allocated among clients based on the number of shares remaining after each partial sale.

Abbott may also direct the sale of securities distributed by private equity limited partnership investments for clients for which we do not have ongoing discretionary authority to direct such sales if such clients provide the company with formal notification to liquidate the distributed stock. In such cases, the sale is done on a stand-alone basis and not bundled with the shares sold for clients that have given us full discretion to liquidate such securities. Therefore, “non-discretionary” clients should be aware that Abbott may place non-discretionary client trades prior to or subsequent to discretionary client trades, and therefore a disparity may exist in the share price at which securities are sold for discretionary and non-discretionary accounts. In addition, a disparity may exist between the third-party commissions charged to such clients and the third-party commissions charged to clients that have given us full investment management discretion. Therefore, non-discretionary clients should be aware that Abbott may not be able to maximize transaction prices and/or obtain volume discounts for their transactions.

Abbott selects brokers and dealers on the basis of its judgment of their professional capability to provide their services at reasonably competitive rates. Brokers are reviewed on at least an annual basis and are generally selected based on factors such as commission rates, effectiveness of execution and general responsiveness. Additionally, we may also use brokers that are market makers in securities for transactions executed on behalf of clients. The applicability of specific best execution criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select another broker or dealer. If, in Abbott’s judgment, a broker’s commission is reasonable in relation to the brokerage services provided, Abbott may pay a brokerage commission in excess of the commission another broker would have received for effecting the same transaction.

We do not direct any client transactions to any broker in return for products or research services and we do not participate in any soft dollar arrangements. However, from time to time, we may receive very general unsolicited research from certain brokers we use to execute trades.

Certain separate account clients may have a pre-established relationship with a broker or dealer. In such cases, Abbott may permit clients to instruct Abbott to execute securities transactions through that broker or dealer. Directing brokerage may cost clients more money. In the event that a client directs us to use a particular broker or dealer other than the one through which we

intend to execute orders for our other clients, it should be understood that we may not have authority to negotiate commissions and obtain volume discounts and best execution may not be achieved. In addition, in a directed brokerage account, the client may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, and the client may receive less favorable prices. Under these circumstances a disparity in commission charges may exist between directed brokerage clients and other clients.

**Item 13 – Review of Accounts**

Abbott provides clients and investors with reports and statements sufficient for our clients and investors to appropriately manage and monitor their investments. For separately managed accounts, we typically provide statements of investment holdings at fair value, and detailed transaction activity reports on at least a quarterly basis. We provide investors in the Abbott Funds with quarterly unaudited financial statements and annual audited financial statements, as well as year-end information for United States tax filings. In addition, on at least a semi-annual basis, an overview of each active client's portfolio, including stage, industry and geographical diversification is compiled and available for the client or investor to review.

A detailed analysis of each client's investment activity, including a review of the fair value of investments as reported by the private equity funds in which our clients are invested, is undertaken on a quarterly basis. The information is reviewed by the members of the investment staff as well as members of the operations and fund administration staffs through a variety of measures, including: analysis of financial reports issued by the funds; communications with the professionals managing the funds; and participation in the funds' investor meetings or advisory committees. At least annually, client plans are updated and reviewed by Abbott's investment professionals to assess each client's current portfolio status and future investment needs, if any. In addition, operations personnel review client account activity and compare such activity to reports received from managers of the private equity investments, typically on a quarterly basis. Clients are encouraged to review the statements received from Abbott in conjunction with statements received from third-party custodians and trustees.

Outside tax, accounting and legal professionals are engaged on an as-needed basis to assist with year-end financial and tax reporting and other complex administrative issues.

Our clients and investors are also invited to Abbott's annual Private Equity Client Conference, during which trends in the overall private equity asset class are discussed by the managing directors of Abbott and other respected figures in the industry.

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

In the past, we have entered into agreements to compensate third parties for investor or client referrals. We may enter into similar agreements or arrangements in the future. These arrangements are intended to be in compliance with the applicable rules and regulations of the Advisers Act. Details of how the costs of any such placement agent or referral arrangement are to be borne, either by Abbott, the client, or the investors in the relevant Abbott Fund will, if applicable, be set forth in a written agreement with such placement agent and, as required, disclosed to our clients or investors as applicable, either through inclusion in the Governing Documents of the relevant Abbott Fund or by separate notice or agreement. Clients and investors should be aware that the receipt of compensation by a placement agent or third party solicitor may create a conflict of interest, and may affect the judgment of the placement agent or solicitor when making a recommendation for an investment with Abbott.

No person that is not a client provides any material economic benefit (including sales awards or prizes) to Abbott for providing investment advice or other advisory services to Abbott's clients.

**Item 15 – Custody**

Each Abbott Fund is a pooled investment vehicle and Abbott and/or an affiliate of Abbott, by virtue of being the general partner of such Abbott Fund, will be deemed to have custody of such fund's assets. Where required, cash and securities are maintained at a financial institution meeting the definition of qualified custodian under the Advisers Act. In addition, the financial statements of each Abbott Fund are audited by a nationally-recognized firm of independent public accountants registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (in accordance with its rules). The audited financial statements are distributed to investors within 180 days of the fiscal year-end of the applicable Abbott Fund.

Abbott generally does not have custody of the assets of our separately managed account clients. All separately managed account clients should receive account statements directly from the broker-dealers, banks, trustees, or other qualified custodians with which they have accounts. We strongly urge all clients to compare the reports they receive from Abbott to the statements they receive from their broker-dealers, banks, trustees, or other qualified custodians. Any issues or discrepancies should be communicated to us promptly.

**Item 16 – Investment Discretion**

Subject to the investment objectives, policies and restrictions of each Abbott Fund as set forth in the Governing Documents of such Abbott Fund, Abbott has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Abbott Fund, including the selection of, and commissions paid to, broker-dealers.

In most cases, Abbott is provided similar discretionary investment authority by its separate account clients pursuant to a limited power of attorney granted via an investment management agreement executed by Abbott with such clients. Each separate account client may place restrictions on Abbott's discretionary authority as agreed to and as set forth in the applicable investment management agreement.

**Item 17 – Voting Client Securities**

For each client portfolio over which Abbott has been given discretionary voting authority, Abbott votes in a prudent manner, considering the prevailing circumstances at the time and in a manner consistent with our proxy voting policy and fiduciary duties to clients. In certain circumstances, a client may maintain its own authority to vote in respect of securities held in its account.

When required to vote client securities, Abbott reviews each proposal submitted for a vote on a case-by-case basis to determine the vote that it is in the best interest of the client. Depending on the client's particular circumstances, we may vote the client's securities differently than those of another client or may vote differently on specific proposals, even though the securities or proposals are similar (or identical). In some instances, such as in the event of a conflict of interest, the company may determine that it is in the client's best interest for Abbott to "abstain" from voting or not to vote at all, and will do so accordingly.

The following procedures are performed when voting materials for an investment currently held by a client are received by Abbott:

- The responsible management team member reviews the current performance, activities and events related to the investment and proposal.
- The management team member reviews the collected information and the voting materials and determines how the client's securities are to be voted.
- The responsible management team member ensures that the voting materials are completed and returned on a timely basis (unless it has been decided that it is in the client's best interest for the company to abstain or otherwise refrain from voting on such matter).

You may obtain a complete copy of Abbott's proxy voting policies and procedures or additional information regarding how we voted your securities by writing to Lauren M. Massey at Abbott at the address in *Item 1*.



**Item 18 – Financial Information**

Abbott has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.