

## Abbott Capital Management, LLC

Firm Brochure\Form ADV Part 2a

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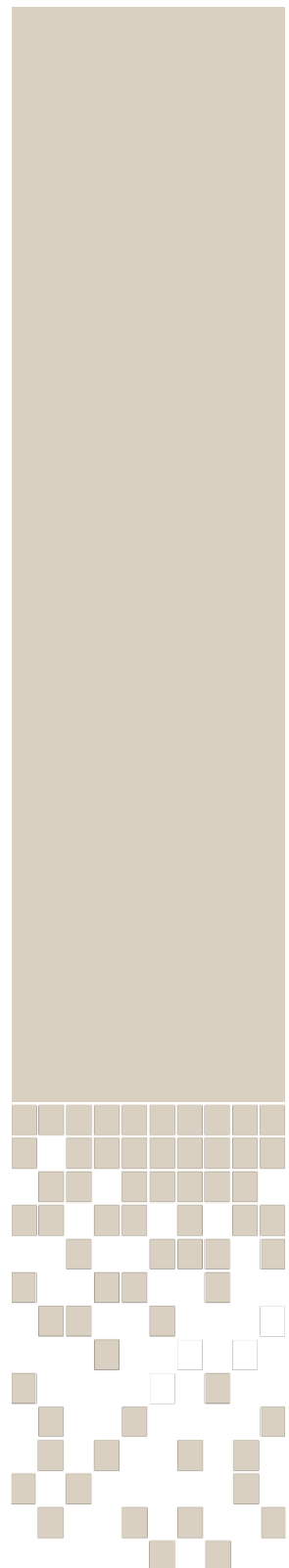
This Brochure provides information about the qualifications and business practices of Abbott Capital Management, LLC ("Abbott").

Abbott is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

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.

If you have any questions about the content of this Brochure or about Abbott in general, please contact the Compliance Department at 212-757-2700.

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



## Item 2 – Material Changes

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This brochure (“Brochure”) is dated March 25, 2016, and is the annual updating amendment to the prior Brochure, dated March 30, 2015.

This annual amendment updates the description of Abbott’s practices when voting proxies (as defined in Item 17) where a material conflict of interest exists and in particular, when voting proxies issued by an Abbott sponsored fund in which one or more Abbott clients are invested.

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## Important Note About This Brochure

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This Brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by Abbott;
- a complete discussion of the features, risks or conflicts associated with any account advised by Abbott; or
- to be relied on in determining whether to invest in a commingled private equity fund of funds sponsored by Abbott or an affiliate of Abbott (an “Abbott Fund”) or establish an advisory relationship with Abbott.

As required by the Investment Advisers Act of 1940, as amended (the “Advisers Act”), Abbott provides this Brochure to current and prospective clients and may also provide this Brochure in its discretion to current or prospective investors in an Abbott Fund (each, an “Investor”), together with other relevant offering materials, prior to, or in connection with, such persons’ establishment or consideration of a client relationship or an investment in an Abbott Fund.

Persons who receive this Brochure (whether or not from Abbott) should be aware that it is designed solely to provide information about Abbott as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in the materials that govern a client or Investor relationship such as an advisory contract, private placement memorandum, limited partnership agreement or other operating agreement (“Offering Materials”).

More complete information about each Abbott Fund, as well as Abbott’s investment management services in general, is included in the relevant Offering Materials, certain of which may be provided to current and eligible prospective clients or Investors only by Abbott or another designated party. To the extent that there is any conflict between discussions herein and similar or related discussions in any Offering Materials, the relevant Offering Materials shall govern and control.

**In no event should this Brochure be considered an offer of interests in an Abbott Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.**

## Item 4 – Advisory Business

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Founded in 1986, Abbott Capital Management, LLC (“Abbott”) is an independent, owner managed investment firm providing private equity portfolio construction and investment management services to institutional investors. Since Abbott’s founding, the firm has focused solely on private equity investment and management, building diversified portfolios of primary and secondary private equity investments across buyout, special situations, venture capital and growth equity funds. Abbott is based in New York with a subsidiary Abbott Capital (Europe), Ltd (a successor firm to Abbott Capital Management (Europe), LLP), based in London.

Abbott provides investment management and portfolio supervisory services to institutional clients and commingled private equity fund of funds sponsored either by Abbott or an affiliate of Abbott (the “Abbott Funds”) or by third parties. Since inception through December 31, 2015, Abbott clients have committed \$16 billion to private equity investments sourced by Abbott. As of September 30, 2015, Abbott managed approximately \$7.3 billion on a discretionary basis and \$41.1 million on a non-discretionary basis.

Abbott’s investment strategy is to seek to generate attractive long-term returns for its clients by allocating capital to the development, expansion, and revitalization of new and existing businesses (“Portfolio Companies”) through investment in buyout, special situations, venture capital and growth equity funds (“Underlying Portfolio Funds”) professionally-managed by third party fund managers (“Fund Managers”). Abbott acquires these investments for its clients either through direct subscriptions to Underlying Portfolio Funds and/or by way of privately-negotiated transactions in the secondary market.

In addition to identifying and selecting private equity fund investments, Abbott can provide its clients with portfolio construction and management, investment monitoring, stock liquidation and administration services.

### **Abbott Funds**

Abbott Funds are Abbott sponsored products typically organized as U.S. limited partnerships. Abbott serves as investment manager to these funds; an Abbott affiliate is the General Partner.

Each Abbott Fund is typically established for investment by multiple Investors and invests in a variety of Underlying Portfolio Funds. Abbott tailors its advisory services for each Abbott Fund according to the specific investment focus, guidelines and restrictions stated in the relevant Abbott Fund’s Offering Materials.

Abbott currently manages the following series of Abbott Funds: the Abbott Annual Program Funds, the Abbott Secondary Opportunities Funds, the Abbott Select Buyout Funds and the Abbott Capital Private Equity Funds.

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

Abbott developed its first core fund of funds product in 1995 to provide professionally managed participation in strategically selected buyout, special situations, venture capital and growth equity funds for investors seeking a core, diversified, global portfolio of private equity

investments. The AP Funds are Abbott's latest core, diversified offering, having been first formed in 2007 and organized annually since then. The AP 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 Underlying Portfolio Fund.

- **Abbott Secondary Opportunities ("ASO")**

Abbott Secondary Opportunities, L.P. seeks to build a private equity portfolio constructed opportunistically of attractive secondary investment opportunities across a variety of transaction types, including single fund purchases, follow-on capital, portfolios of multiple fund interests and restructurings. ASO will focus primarily on smaller transactions, as well as complex deals where there may be less competition than is often evident in a larger auction process and Abbott may be able to exercise greater selectivity. ASO is Abbott's first dedicated fund focused solely on secondary transactions.

- **Abbott Select Buyout Funds (the "ASB Funds")**

Abbott raised Abbott Select Buyouts Fund, L.P. in 2004 and launched its successor funds in 2007 and 2013. Abbott developed the ASB Fund strategy to invest in small and medium buyout and selected special situations funds, primarily those seeking to raise between \$300 million and \$1.0 billion in investor commitments. While the ASB Funds are specialized portfolios and generally more concentrated than the core, diversified Abbott Funds, they will still seek diversification by industry, style, geography and vintage year.

- **Abbott Capital Private Equity Funds (the "ACE Funds")**

Abbott's first core, commingled vehicle offering in 1995 was the first in the ACE Fund series and was designed to provide professionally managed participation in strategically selected v buyout, special situations, venture capital and growth equity funds for investors seeking a core, diversified, global portfolio of private equity investments. The ACE Funds sought to build portfolios with a high degree of diversification, by industry, geography and stage, as well as by vintage year, style and size of Underlying Portfolio Fund.

Abbott constantly evaluates its offerings in an effort to respond to the needs of its clients. As such, Abbott will no longer raise capital serially every three to five years through its ACE commingled funds. Instead, Abbott's Annual Program, which pursues the same diversified investment strategy as ACE, will be available each year and can be customized for the portfolio objectives of each Investor.

### **Separate Accounts ("SMA Clients")**

Abbott has been advising separately managed accounts since its founding in 1986. Abbott customizes the strategies followed for separate accounts based on each client's needs. Generally, strategies include venture capital, growth equity, buyouts, and special situations.

## **Investment Approach**

Abbott's primary goal is to identify those Fund Managers, across investment strategies and regions, which have the potential to deliver attractive returns, in order to construct and manage portfolios that may outperform the public equity markets over the long term.

Abbott's investment philosophy is grounded in a fundamental, bottom-up approach that seeks to understand the future performance potential for each investment opportunity under consideration, based on a detailed evaluation of the Fund Manager's team, key value drivers, demonstrated ability to deliver attractive returns in a variety of environments and clarity and feasibility of investment strategy. Abbott's processes, which are integral to its efforts to invest in secondary opportunities and primary fund investments, have been honed and continually improved over the 30-year history of the firm. Informing Abbott's fundamental approach is its belief that assessing the people who are part of any potential investment opportunity is as important as focusing on the returns that those individuals have generated in the past. Because future events are unpredictable, an essential part of Abbott's process is to develop a thorough understanding of the individuals that will be managing the fund, their behaviors in challenging circumstances, their adherence to disciplines and the culture that characterizes their firm.

Abbott's philosophy includes a strong belief in the value of appropriate diversification as a means to maximize potential for exposure to attractive opportunities and to mitigate risks inherent in private equity. Abbott has observed that over-diversification may deliver median-like returns and therefore anchors its diversification approach in a philosophy of high-conviction investing.

Abbott's due diligence efforts reflect its fiduciary responsibility and accountability. Abbott subjects potential Underlying Portfolio Fund investments to a thorough and comprehensive analysis to determine if they will satisfy the Abbott client's investment criteria, whether or not Abbott has known or invested with the group previously.

One or more of the members of Abbott's investment team is responsible for coordinating due diligence efforts for a particular opportunity. Abbott employs a consensus-driven process when reviewing investment opportunities and conducting due diligence. Discussion regarding on-going due diligence occurs at weekly meetings to keep all members of the investment team informed. Following the discussion of an opportunity and the recommendation, the investment team votes to decide if the investment should be made on behalf of Abbott's clients. Though only the senior staff votes on investment decisions, each member of the investment team must state his or her opinion, starting with the most junior member of the team and ending with the most senior.

This team approach seeks to ensure that investment discussions benefit from the broad range of backgrounds and experience of the managing directors and investment staff, as well as from the investment management disciplines the firm has developed during its three decades managing private equity assets.

Refer to [Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss](#) for further discussion on Abbott's investment process.

## Item 5 – Fees and Compensation

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Abbott is compensated for its investment advisory services by the Abbott Funds and SMA Clients generally through a percentage of assets under management, fixed fees, or in certain instances, under performance-based fee arrangements. Fees paid to Abbott for such services are separate and distinct from any fees, expenses, or carried interest charged by Fund Managers.

### Management Fees

#### Abbott Funds

Management fees charged to Abbott Funds will generally vary from fund to fund and at times, an Abbott Fund may offer more than one fee option to Investors. Management Fees are typically equal to a percentage of either the Investor's subscription to the Abbott Fund or the amount of investment capital of the Abbott Fund, subject to a phase-in and phase-down period.

Fees are deducted directly from the accounts of the Abbott Funds and are generally paid quarterly in advance. Funds terminating during a quarterly period will be refunded any prepaid, unearned fees.

Management fees relevant to each Abbott Fund are negotiated between Abbott and the Investors in a particular Abbott Fund at the formation of such Abbott Fund.

#### SMA Clients

SMA Client fee schedules are negotiated and may vary based upon a wide variety of factors including the type of client mandate, services provided, investment amount, and other factors as may be agreed with the particular SMA Client. The basic annual management fee for investment management services for an SMA Client can be charged as a fixed fee, a percentage of committed capital, upon investment performance or based on the value of client assets deployed.

Depending on the structure of the SMA Client's account, management fees can be deducted directly from the account or invoiced to the client and may be charged in advance or arrears, as agreed to with the SMA Client. SMA Clients initiated or terminated during a calendar quarter will be charged a prorated fee for the period (if fees are paid in arrears) or have any prepaid, unearned fees refunded (if fees are paid in advance).

### Performance Fees

Refer to [Item 6 – Performance-Based Fees](#) for further discussion.

### Additional Expenses

The fees described above cover only Abbott's investment management services. Investors in Abbott Funds and SMA Clients will bear, directly and indirectly, certain additional expenses.



## Abbott Funds

Abbott Funds, including SMA Clients organized as single investor funds, will bear the ongoing operating costs of such entities and costs associated with the investments in Underlying Portfolio Funds. Expenses permitted to be charged to a specific Abbott Fund are set out in the relevant Offering Materials. The following are some of the types of expenses that can apply:

- expenses relating to the organization of the Abbott Fund as well as any syndication expenses incurred in connection with the offering and sale of the Abbott Fund (including travel-related expenses of the general partner and the investment manager);
- fees, costs and expenses of any custodians, attorneys, accountants, valuation experts or other professionals (including costs\expenses for tax and audit services rendered to the Abbott Fund);
- expenses associated with preparing the financial statements, tax returns and reports for the Abbott Funds and computer systems and software for hosting meetings and delivering reports;
- 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 Underlying Portfolio Funds or with representatives of these investments;
- the costs and expenses (including travel-related expenses of employees 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 employees and\or related persons 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 Offering Materials of each Abbott Fund.

**SMA Clients** will also bear certain specific expenses in relation to their account, some of which are enumerated above and\or as specified in the SMA Client's Offering Materials.

In addition to the fees and expenses enumerated above, Abbott Funds and SMA Client will also be subject to management and performance fees and certain expenses imposed by the Underlying Portfolio Funds in which they are invested.

In addition, and as discussed further in [Item 12 – Brokerage Practices](#), Abbott will, on occasion, trade underlying interests in secondary markets and exchange traded securities. In these cases, Investors in Abbott Funds and/or SMA Clients bear the costs and expenses (such as commissions or spreads) associated with trading.

Abbott employees do not receive commission-based compensation from the sale of securities or investments purchased, sold or recommended to Abbott clients.

Refer to [Item 11 - Code of Ethics](#) for a further discussion on potential conflicts of interest related to transaction based compensation.

It is critical that clients\Investors and prospective clients\Investors refer to the relevant Offering Materials for a complete understanding of how Abbott is compensated for its investment management services. The information contained in this section and in [Item 6 – Performance Based Fees and Side-By-Side Management](#) is a summary only and is qualified in its entirety by such documents.

## Item 6 – Performance-Based Fees and Side-By-Side Management

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In addition to the management fees described above in [Item 5 – Fees and Compensation](#), certain of the Abbott Funds and SMA Clients pay a performance-based fee on the performance of some or all of their investments.

### Abbott Funds

Certain Abbott Funds pay a performance-based fee, sometimes referred to as carried interest, on the aggregate profits realized from all or a certain type of investment including primary or secondary fund investments and Portfolio Company co-investment opportunities.

Carried interest, if applicable, is earned and payable in accordance with the terms set out in the Offering Materials for the relevant fund.

### SMA Clients

Performance fees for SMA Clients, where applicable, are based upon a wide variety of factors including the type of client mandate, services provided, investment amount, and other factors as may be negotiated and agreed with the particular SMA Client.

## Investment Selection

Abbott provides investment advice with the objective of meeting the Abbott Funds' and SMA Clients' mandates and objectives. Performance fee arrangements may create an incentive for an investment manager to make investments that are riskier or more speculative than would be the case absent a performance fee. Refer to [Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss](#) for further discussion.

## Side-By-Side Management

Abbott or an affiliate will receive (1) performance-based compensation with respect to some of its clients and not from others or (2) a higher percentage of the profits of one or more client accounts than of another. In addition, Abbott and its employees will generally have an investment or financial interest in an Abbott Fund. As such, there may be an incentive for Abbott to favor one client over another which constitutes a potential conflict of interest.

In order to manage such potential conflicts, client portfolios are reviewed by Abbott's Portfolio Construction Committee (refer to [Item 13 – Review of Accounts](#)). In addition, Abbott maintains an investment allocation policy (refer to [Item 11 – Code of Ethics](#) and [Item 12 – Brokerage Practices](#)) designed to ensure that (1) each client is provided the opportunity to participate in all investments provided to Abbott which are suitable for the client taking into consideration the client's existing portfolio and its stated strategy and/or mandate and (2) where participation by every client in a suitable investment is not feasible or appropriate at the time, that allocations are fair and equitable over time.

## Item 7 – Types of Clients

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Investors in **Abbott Funds** include:

- 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; and
- trusts.

**SMA Clients** include:

- corporations;
- state or municipal government entities;
- non-U.S. institutions;
- pension and profit-sharing plans; and
- pooled investment vehicles.

All Investors in the Abbott Funds and SMA Clients are subject to applicable suitability requirements.

Investors in the Abbott Funds and SMA Clients must be accredited investors and, in most cases, qualified purchasers.

As a general rule, a minimum account size of \$100,000,000 is required for a SMA Client. In certain circumstances, however, a smaller account size may be agreed.

In addition, Investors in the Abbott Funds must meet certain stated minimum commitments as set out in the Offering Materials for the relevant fund. These minimum commitments, which can vary by Abbott Fund, can be individually waived, increased or decreased at Abbott's discretion.

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

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As discussed in [Item 4 – Advisory Business](#), Abbott invests across all sectors of the private equity universe, including the buyouts, special situations, venture capital and growth equity strategies. In an effort to manage risk and balance clients' participation in the private equity asset class, Abbott seeks to construct and manage well-diversified client portfolios in a manner that should provide clients with the opportunity for meaningful exposure to a variety of different types and styles of investments. To accomplish this, Abbott will invest each client account in multiple Underlying Portfolio Funds, some of which may be located outside the United States, seeking diversification across strategies, investment types, vintage years and regions.

Abbott subjects potential Underlying Portfolio Fund investments to a thorough and comprehensive analysis to determine if they will satisfy client investment criteria. Abbott typically conducts a review on all Fund Managers, regardless of whether Abbott has known or invested with the Fund Manager previously.

Abbott's analysis of a potential investment opportunity reflects a combination of qualitative and quantitative factors, and may include some or all of the following:

- Qualitative analysis of potential investments includes collecting and reviewing in-depth information on backgrounds, relationships and performance of the Fund Manager, as well as the history, cohesiveness and experience of its investment team. Abbott places particular emphasis on ensuring the team's knowledge and coverage of the private equity market and segment is relevant to the Underlying Portfolio Fund's investment strategy and focus. Abbott believes that certain factors relevant to an assessment of past performance, such as investment selection, due diligence disciplines, operational and financial value-add, and the ability to achieve realizations and exits may be far more indicative of future potential than absolute numbers.

Abbott seeks to speak with multiple references provided by the Fund Manager, as well as multiple references that are sourced by Abbott directly. Abbott also seeks to meet with the management of several existing or prior Portfolio Companies held by a prior fund managed by the Fund Manager. A sample of Portfolio Companies from prior funds are selected for on-site visits based on various criteria intended to reveal relevant potential strengths and weaknesses of the Fund Manager's investment team as well as their current or past role with respect to management of a Portfolio Company.

- Quantitative analysis is also necessary to appropriately analyze the performance of a Fund Manager. Abbott not only carefully analyzes the prior performance of a Fund Manager's management team, but attempts to evaluate how and why those particular results were achieved and seeks to determine the future performance that might realistically be expected over the life of the particular investment opportunity. This may include analyzing the hit and loss ratios of prior funds, which helps Abbott draw conclusions about the potential risks associated with the Fund Manager's approach to achieving returns.

Abbott also reviews and recalculates a Fund Manager's performance track record (internal rates of return and multiples of invested capital, both gross and net of fees) and assesses the carrying values and valuation methodologies used for prior funds. Cash flows may be grouped and analyzed in various ways to capture an assortment of quantitative information relevant for a due diligence review. Track records are analyzed based upon attribution by individual partners, geography, industry and stage of investment. If appropriate, Abbott will review prior valuations of individual Portfolio Companies in order to form a perspective on the valuation policies of the Fund Manager. Track records are also assessed relative to prior funds' vintage year peer groups, as well as relative to the public market equivalent (PME).

Abbott finds that its qualitative research is essential input to its quantitative research, and vice versa. For example, Abbott may seek to confirm attribution of individual partners' track records through qualitative discussions with portfolio companies and former partners. Likewise, iterations of Abbott's qualitative research are often driven by questions arising from quantitative analyses.

## Client Risks

**Set forth below is an overview of the primary risks associated with private equity and fund of funds investing, each of which is more fully discussed in [Exhibit A](#). However, it is not possible to identify all of the risks associated with investing. The particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held. It is critical that clients and prospective clients consult their Offering Materials for a complete understanding of the significant risks associated with their investments. The information contained herein is a summary only and qualified in its entirety by the relevant Offering Material.**

The following is a non-exhaustive list of the more common risks that Investors or SMA Clients should consider in connection with an investment program of the kind described herein:

- lack of assurance of profit or distributions;
- multiple levels of fees and expenses;
- unpredictability of cash flows;
- risks particular to secondary partnership investments;
- risks particular to Portfolio Companies;
- risks related to distributions of Portfolio Companies;
- foreign investment and currency related risks;
- risks associated with leverage;
- risks related to investing in a fund with a diverse investor group;
- changes in legal, fiscal and regulatory regimes;
- indemnification obligations of a fund;
- illiquidity of fund investments;
- dependence on Abbott's managing directors and other professionals;
- multi-manager fund investing and reliance on management of Underlying Portfolio Funds;
- competition for investments;
- general economic and market risk;
- default by another limited partner;
- risks relating to carried interest (performance-based fees) charged by Abbott or the Fund Managers; and

- risks particular to products with limited strategies.

While Abbott seeks to manage accounts so that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee or representation that Abbott's or any Fund Manager's investment program will be successful. Investors and SMA Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

## Item 9 – Disciplinary Information

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Abbott is required in this Item to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Abbott or the integrity of Abbott's management.

As of the date of this Brochure and to the best of Abbott's knowledge, Abbott does not have any legal or disciplinary events to disclose.



## Item 10 – Other Financial Industry Activities and Affiliations

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Abbott is an independent, owner managed firm. Its current managing directors hold a majority stake in the firm, with a residual ownership interest held by its two retired co-founders. Abbott is not a subsidiary of, nor affiliated with, an investment bank or any insurance or other asset management company. The principal business activities of Abbott’s managing directors and staff are private equity investing and management.

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. Abbott Funds and SMA Clients may be solicited to invest in one or more of the Abbott Funds.

Abbott Capital (Europe), Ltd (“Abbott Europe”), a successor firm to Abbott Capital Management (Europe), LLP as of April 1, 2016, is an Abbott subsidiary located in London, United Kingdom. Abbott has engaged Abbott Europe to conduct investment research and due diligence, primarily with respect to European private equity investment opportunities and to provide assistance to Abbott’s investment staff in the United States. Abbott Europe is authorized and regulated with the Financial Conduct Authority in the United Kingdom (FRN: 723344).

Refer to [Item 11 - Code of Ethics](#) for a further discussion on potential conflicts of interest.

## Item 11 – Code of Ethics

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Abbott has adopted a Code of Ethics that describes its standards of business conduct and responsibilities to its clients and that governs certain potential conflicts of interest which may exist when providing services to clients. The Code of Ethics is designed to ensure Abbott meets its obligations to clients and to instill a culture of compliance within Abbott.

The Code of Ethics is distributed to each employee at the time of hire and annually thereafter, and is available on Abbott's intranet. Abbott also supplements the Code of Ethics with ongoing monitoring of employee activity. Employees who fail to comply with the requirements of the Code of Ethics and its related policies may be subject to disciplinary activities, up to and including termination of employment and/or personal liability, as permitted by local law.

The Code of Ethics includes, among others, policies relating to:

- rules of conduct;
- conflicts of interest;
- prohibitions on insider trading;
- employee personal securities transactions;
- acceptance\provision of significant gifts;
- rules relating to political contributions;
- communications with clients and prospective client; and
- reporting of certain outside business activities.

All employees are required to acknowledge annually that they have read and are in compliance with the Code of Ethics.

A copy of Abbott's Code of Ethics is available to any client or prospective client upon request by contacting Abbott's Compliance Department at the phone number or address on the cover page of this Brochure.

### Potential Conflicts of Interests

Abbott offers different products and services and there are various potential conflicts of interest which may arise, including, but not limited to those listed below. Abbott has adopted, and will continue to maintain, policies and procedures to address these potential conflicts of interest.

Potential Conflict of Interest	Mitigating Policies
<p>Abbott serves as investment manager for numerous clients, some of which may have investment objectives similar to another client and/or be investment funds sponsored by Abbott.</p> <p>Abbott may deem it appropriate to recommend that one client subscribe to an Underlying Portfolio Fund while not making a similar investment for another client.</p>	<p>Abbott maintains policies and procedures relating to investment allocation. Abbott seeks to allocate transactions and investment opportunities among its clients in a manner it believes to be as equitable as possible over time, while considering each client's objectives, programs, limitations and capital available for investment. Refer to <a href="#">Item 12 – Brokerage Transactions</a> for further details.</p>
<p>Employees may engage in business activities outside their employment with Abbott.</p>	<p>Abbott's Chief Compliance Officer must approve any outside business activity. Outside business activities which are likely to represent a material conflict of interest with Abbott's business are also subject to additional approval requirements.</p> <p>Employees with an affiliation to an Underlying Portfolio Fund or Portfolio Company held by an Underlying Portfolio Fund outside their employment with Abbott will not be permitted to be involved in the investment decision making process regarding that Underlying Portfolio Fund.</p>
<p>Abbott's employees and/or other related persons may serve on the advisory board of an Underlying Portfolio Fund in which Abbott Funds and SMA Clients invest. This generally enables Abbott to obtain a better understanding of both the operations of the Underlying Portfolio Fund and Fund Manager.</p> <p>As an advisory board member, Abbott may be asked to provide advice on certain conflicts of interest and other matters pertaining to such Underlying Portfolio Funds. There may be instances where Abbott is asked to vote on issues, taking the needs of all investors (not just Abbott clients) in such Underlying Portfolio Fund into account.</p>	<p>Abbott's Code of Ethics addresses acceptable standards of business conduct and covers among other things, conflicts of interest, compliance with laws and regulations, fiduciary obligations and outside business activities.</p> <p>Abbott's Compliance Manual covers employees' responsibilities to its clients including requiring that Abbott protect the interests of each of its clients, place clients' interest first and take steps to seek to verify that all actions taken on behalf of clients are in the clients' best interest.</p>

Potential Conflict of Interest	Mitigating Policies
On occasion, Abbott's or its employees may buy for their own accounts securities or other instruments which Abbott also recommends to clients and may engage in transactions for their own accounts in a manner that is inconsistent with Abbott's recommendations to a client.	Abbott's personal securities trading policies require employees to (1) pre-clear certain personal securities transactions including, but not limited to, transactions in private equity funds being considered for investment by clients, initial public offerings and limited offerings; (2) report personal securities transactions on at least a quarterly basis; and (3) provide Abbott annually with a detailed summary of certain holdings and securities accounts over which such employees have a direct or indirect beneficial interest.
Abbott may recommend or buy interests on behalf of its clients in Underlying Portfolio Funds in which Abbott, its employees or related parties have a direct ownership interest.	Abbott requires that all employees disclose any private fund in which they hold a direct ownership interest or other affiliation. These employees will not be permitted to be involved in the investment decision making process regarding such private fund.  Furthermore, these interests are not typically purchased from Abbott, its employees or other related persons but are issued directly by the Underlying Portfolio Fund.
Abbott, at times, incurs expenses that are allocable to more than one client or to both Abbott and one or more clients.	Abbott allocates expenses on a basis that it considers equitable and in accordance with clients' Offering Materials.
There may be limited capacity in Underlying Portfolio Funds and Abbott may need to choose among its clients when allocating the available capacity.	Abbott maintains policies and procedures relating to investment allocation. Abbott seeks to allocate transactions and investment opportunities among its clients in a manner it believes to be as equitable as possible over time, while considering each client's objectives, programs, limitations and capital available for investment. Refer to <a href="#">Item 12 – Brokerage Transactions</a> for further details.
Abbott or a related person may have an investment or financial interest in one of the Abbott Funds to which Abbott is considering allocating the available capacity.  Furthermore, certain clients may have differing management and fee structures, including performance fees. Refer to <a href="#">Item 6 – Performance-Based Fees and Side-By-Side Management</a> and <a href="#">Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</a> for further discussion.	

Potential Conflict of Interest	Mitigating Policies
Abbott may recommend and invest an Abbott Fund or an SMA Client in an Abbott Fund from which Abbott or a related party receives fees.	<p>Unless otherwise disclosed to and approved by the SMA Client or Investors in Abbott Funds (which in certain circumstances may be the relevant Abbott Fund Advisory Committee), client fees are generally structured to avoid duplication of management and/or advisory fees at multiple levels.</p> <p>In addition, with respect to a SMA Client, the decision to invest in an Abbott Fund is made by the client, in its sole discretion.</p>
Where appropriate and in the best interest of both clients, Abbott may cause one client to purchase an investment from or sell investments to another client ("Cross Transactions"). In addition, at times these Cross Transactions may be in connection with a warehousing transaction, as defined in the Offering Materials of the relevant Abbott Fund.	<p>Cross Transactions are reviewed by Abbott's Investment Team. These transactions are generally effected at the cost to the selling fund plus applicable interest. Abbott earns no compensation as a result of such transactions.</p> <p>Unless already approved by the Abbott Fund in its Offering Materials, Abbott will obtain the written consent of the appropriate Abbott Fund(s) (which, in certain circumstances, may be the relevant Abbott Fund's Advisory Committee) prior to effecting any warehousing transactions.</p>
On occasion, Abbott and/or its related persons may have a controlling interest in one of the Abbott Funds participating in a Cross Transaction and as a result, act as principal in the trade.	<p>In the event Abbott acts as principal, Abbott will obtain written consent from the SMA Client or appropriate Abbott Fund(s) (which, in certain circumstances, may be the relevant Abbott Fund's Advisory Committee) prior to effecting the transaction. Refer to <a href="#"><u>Item 12 – Brokerage Practices</u></a> for further details.</p>

## Item 12 – Brokerage Practices

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### Investment Aggregation and Allocation Policy and Best Execution

Abbott does not typically use brokers to effect transactions for Abbott Funds or SMA Clients, as these clients generally invest in Underlying Portfolio Funds which are not traded on the open market. However, Abbott does receive securities from Underlying Portfolio Funds in lieu of or as part of a distribution or liquidation of an Underlying Portfolio Fund (“Distributed Securities”). Abbott’s general policy is to seek to liquidate these securities.

#### Underlying Portfolio Funds

Abbott has implemented procedures that it believes are reasonably designed to mitigate the potential conflicts of interest that can arise when allocating investments among client accounts. Abbott’s policies seek to ensure that (1) each client is provided the opportunity to participate in all investments provided to Abbott that are suitable for the client, taking into consideration the client’s existing portfolio and its stated strategy and/or mandate and (2) where participation by every client in a suitable investment is not feasible or appropriate at the time, that allocations are fair and equitable over time.

Allocation of investments is made by Abbott with respect to all clients in accordance with the investment allocation process which takes into account multiple criteria, including: specific and individual account objectives, account size and capital available for investment, the stage of development of an account’s portfolio, the existing investment mix of an account, diversification needs, the size of the investment opportunity, the criteria for investment set by the underlying fund’s manager or general partner, and the ability to make meaningful investments for each client. In the event an investment opportunity secured by Abbott is not sufficient to accommodate the desired investment allocation of all suitable clients, Abbott will first allocate the investment to those accounts with an investment objective to invest in the relevant strategy (in full or pro-rata) and then to the extent practicable, the investment opportunity will be allocated pro-rata to all other clients for whom the investment was considered appropriate in accordance with each client’s relevant target annual strategy investment level.

Regarding allocation of individual secondary opportunities, Abbott currently anticipates allocating available opportunities between ASO and those client accounts with a dedicated secondary strategy allocation pro rata in accordance with each such client’s secondary strategy annual target level. To the extent the opportunity size exceeds such targets, Abbott may allocate such opportunities to other client accounts or co-investors with an interest in secondary opportunities.

Each client’s relevant targeted annual investment level is reviewed and determined annually based on the investment strategy guidelines and target diversification applicable to each client for the relevant annual period. Abbott does reserve the right to adjust allocations, if it is determined that such adjustments will result in a more equitable allocation of available opportunities.

Additionally, Abbott's Portfolio Construction Committee is responsible for understanding, tracking and guiding the implementation of the individual portfolio construction and diversification guidelines in place for each actively investing account.

### **Distributed Securities**

Where Abbott has agreed with a client to direct the liquidation of the Distributed Securities 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 will initially be 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 Distributed Securities for SMA Clients for which Abbott does not have ongoing discretionary authority when requested to do so by the clients. In such cases, the sale is done on a stand-alone basis, is not aggregated with the shares sold for discretionary clients and may be done before or after those effected for discretionary clients.

As such, clients should be aware that a disparity may exist in the share price at which securities are sold for and third-party commissions charged to discretionary and non-discretionary clients. Furthermore, Abbott may not be able to obtain volume discounts or take advantage of liquidity opportunities for thinly-traded securities held by non-discretionary clients.

Abbott selects broker-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, Abbott 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.

### **Soft Dollars**

Abbott's current policy is not to use commissions generated by trading for client accounts to pay for third party research services. However, from time to time, Abbott may receive unsolicited research from certain brokers it uses to execute trades.

### **Brokerage for Client Referrals**

Abbott does not use brokerage relationships for client referrals. However, Abbott does have placement agreements with third parties, some of which may be registered broker-dealers, as further discussed in [Item 14 – Client Referrals and Other Compensation](#).

## Directed Brokerage

Certain SMA Clients with a pre-established relationship with a broker-dealer have, at times, instructed Abbott to execute securities transactions through that broker or dealer. In addition, certain SMA Clients may have internal policies regarding the sale of Distributed Stock that differs from the one generally followed by Abbott.

Directing brokerage can cost clients more money. For example, in the event that a client directs Abbott to use a particular broker or dealer Abbott may be unable to achieve most favorable execution of client transactions and the client may pay more in execution fees than if Abbott were permitted to choose the executing broker-dealer. Further, in such cases Abbott may not be able to determine the terms of how the order will be handled by such broker-dealer and may not have authority to negotiate commissions and/or obtain volume discounts. Abbott also may not be able to aggregate the client's order with other client orders and as a result the client may pay a higher brokerage commission and receive less favorable net prices than would be the case if Abbott were given discretion to choose the broker-dealer through which to execute the transaction for the client's account. In an effort to achieve orderly execution of transactions, execution of orders for clients that have directed Abbott to use particular broker-dealers may, in certain circumstances, be delayed until after Abbott completes the execution of non-client-directed orders.

## Cross Transactions\Principal Trades

Where appropriate and in the best interest of both clients, Abbott may cause one client to purchase an investment from or sell investments to another client ("Cross Transactions"). In addition, at times these Cross Transactions may be in connection with a warehousing transaction, as defined in the Offering Materials of the relevant Abbott Fund.

Cross Transactions are reviewed by Abbott's Investment Team. These transactions are generally effected at the cost to the selling fund plus applicable interest. Abbott earns no compensation as a result of such transactions.

Furthermore, unless already approved by the Abbott Fund in its Offering Materials, Abbott will obtain the written consent of the appropriate Abbott Fund(s) (which, in certain circumstances, may be the relevant Abbott Fund's Advisory Committee) prior to effecting any warehousing transactions.

On occasion, Abbott and/or its related persons may have a controlling interest in one of the Abbott Funds participating in a Cross Transaction and as a result, act as principal in the trade. In that event, Abbott will obtain written consent from the SMA Client or appropriate Abbott Fund(s) (which, in certain circumstances, may be the relevant Abbott Fund's Advisory Committee) prior to effecting the transaction.



## Item 13 – Review of Accounts

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Abbott continuously reviews its client portfolios. For example, on a quarterly basis, members of the investment, operations and fund administration teams undertake a detailed analysis of each client's investment activity, including a review of the fair value of investments as reported by the Fund Managers of the Underlying Portfolio Funds. This review is done using a variety of measures, including: analysis of financial reports issued by the Underlying Portfolio Funds; communications with the Fund Managers; and participation in the Underlying Portfolio Funds' investor meetings or Advisory Committees. In addition, each client's portfolio is periodically reviewed by the Portfolio Construction Committee.

Although the foregoing describes Abbott's typical process to monitor Fund Managers post investment, not every monitoring item occurs nor is every factor considered in every instance.

### **Abbott Fund**

The following reports are typically made available to investors in the Abbott Funds on Intralinks, accessible via the Abbott website ([www.abbottcapital.com](http://www.abbottcapital.com)):

- quarterly reports containing an overview of the Abbott Fund's portfolio; including stage, industry and geographical composition;
- quarterly unaudited financial statements;
- annual audit reports; and
- year-end information for U.S. tax filings.

### **SMA Client**

SMA Clients receive ongoing reporting as agreed upon between Abbott and the SMA Client.

Reporting may include the following:

- quarterly reports containing an overview of the SMA Client's portfolio, including stage, industry and geographical composition;
- statements of investment holdings at fair value; and
- detailed transaction activity reports.

SMA Clients and Investors have also historically been invited to Abbott's 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

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Abbott and its employees do not receive any economic benefits, such as sales awards or other incentives, from third parties in relation to services provided to client accounts.

Abbott has entered into agreements with third-party placement agents or finders, some of which may be registered broker-dealers, that would provide for a payment to the placement agent\finder in the event that a prospective Investor, introduced to Abbott by such placement agent\finder, either invests in an Abbott Fund and\or contracts directly with Abbott for investment management services.

Abbott is responsible for the placement agent\finder's fees, and the Investor\SMA Client will not be responsible for any increased or additional fees nor will the use of a placement agent\finder, if any, be a factor in fee negotiations.

## Item 15 – Custody

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The custody rule under the Advisers Act (“Custody Rule”) defines custody as holding or having the authority to obtain possession of client securities or assets.

Abbott does not hold cash or unrestricted certificated securities of the Abbott Funds or SMA Clients. Cash and certificated securities are held by a qualified custodian appointed by each Abbott Fund or SMA Client pursuant to a separate custody agreement.

Abbott and/or its affiliates may be deemed to have custody of the Abbott Funds or certain SMA Clients organized as single investor funds as Abbott or an affiliate serves as General Partner (or in a similar capacity) to the funds and/or Abbott and its employees are authorized to pay expenses or open accounts on behalf of the funds.

In accordance with the Custody Rule requirements and relevant SEC staff guidance, these funds are either (1) audited annually by an independent public accounting firm and audited financial statements are provided to the Abbott Funds’ Investors or SMA Clients organized as single investor fund within 180 days of each fund’s fiscal year end or (2) incorporated into the audits of other Abbott Funds.

Abbott does not take custody, of the assets of SMA Clients unless organized as a single investor fund. SMA Clients whose assets are held directly with broker-dealers, banks, trustees, or other qualified custodians, etc. should receive account statement directly from these parties and are strongly urged to compare those reports to the reports received from Abbott. Any issues or discrepancies should be promptly communicated to Abbott’s Compliance Department which can be reached at the phone number or address on the cover page of this Brochure.

## Item 16 – Investment Discretion

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Abbott receives discretionary investment authority from SMA Clients through an investment management or similar agreement between Abbott and the client. These agreements authorize Abbott to supervise and direct investment of assets in the client's portfolio and generally stipulate any limitations on Abbott's discretionary authority. Under certain circumstances, however, Abbott may only provide non-discretionary or advisory services to a SMA Client.

Abbott has discretionary investment authority over the Abbott Funds.

In exercising discretion, Abbott will at all times observe the investment policies, limitations and restrictions imposed by the relevant Abbott Fund or SMA Client.

## Item 17 – Voting Client Securities

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Abbott has adopted a policy governing the voting of proxies that is designed to ensure that Abbott will vote proxy proposals, amendments, consents or resolutions (collectively, “Proxies”) relating to Underlying Portfolio Funds in the best interest of the Abbott Funds and SMA Clients and in accordance with Abbott’s fiduciary duties.

Abbott has the authority to vote Proxies for all Abbott Funds. In addition, SMA Clients generally authorize Abbott to vote Proxies on their behalf.

Abbott will typically follow the guidelines listed below when voting proxies on behalf of the Abbott Funds and SMA Clients:

Where Abbott has the authority to vote Proxies, Abbott reviews each proposal submitted for a vote on a case-by-case basis to determine the vote that is in the best interest of the client. Generally, Abbott votes in favor of management’s proposals unless there is a specific reason not to do so. Depending on the client’s particular circumstances, Abbott may vote one 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, as described below, Abbott may determine that it is the client’s best interest for Abbott to abstain from voting and will do so accordingly.

When voting materials are received, Abbott first identifies the clients for which Abbott has authorization to vote. Abbott then evaluates the current performance, activities and events related to the investment and proposal, determines the vote for each client based on its review of the information collected and completes and returns the voting materials.

Abbott, in its sole discretion, may abstain from voting a Proxy if (1) Abbott anticipates selling the security in the near future; (2) the cost of voting the Proxy exceeds the expected benefit; (3) Abbott concludes that the effect on client’s economic interests or value of the portfolio holding is interminable or insignificant; or (4) if due to a conflict of interest, Abbott believes that it would be in the client’s best interest for Abbott to either abstain from voting or not vote at all.

Where Abbott believes that there may be an actual or perceived material conflict of interest, Abbott will (1) consult with legal counsel; (2) disclose the conflict of interest to the client, or in the case of an Abbott Fund – the advisory board, and defer to the client’s voting recommendation (in which case client consent to the vote must be obtained prior to voting the Proxy); or (3) abstain from voting.

Depending on the particular circumstances involved, the appropriate resolution of any single conflict of interest may differ from the appropriate resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or even identical). Abbott seeks to resolve all potential material conflicts of interest in the best interest of its clients.

Occasionally, Abbott may invest an SMA Client or an Abbott Fund into an Abbott Fund. In voting Proxies issued by an Abbott Fund where SMA Clients and/or Abbott Funds represent less than 50% of the interests in the Abbott Fund issuing the Proxy, Abbott will employ an echo voting strategy which means

that Abbott will vote the shares it controls in the same proportion as the vote of all the other vote holders. In instances where SMA Clients and/or Abbott Funds represent more than 50% of the interests in the Abbott Fund issuing the Proxy, Abbott will obtain consent to the vote from the SMA Client or the advisory board of the Abbott Fund or abstain from voting if client consent cannot be obtained. If such abstention causes the Abbott Fund to fail to reach a quorum, Abbott will attempt to resolve the conflict of interest using other methods such as obtaining voting guidance from a third party proxy voting service provider.

Investors in Abbott Funds cannot direct Abbott on how to vote a particular Proxy. SMA Clients may submit a Proxy voting preference.

SMA Clients or Investors may request a copy of Abbott's Proxy Voting Policy, and SMA Clients may request a copy of Abbott's Proxy voting records in relation to their account by contacting Abbott's Compliance Department at the phone number or address on the cover page of this Brochure.

## Item 18 – Financial Information

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Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition.

Abbott is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of any bankruptcy petition.

## Exhibit A – Risks

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The following is a non-exhaustive list of the more common risks that clients should consider in connection with an investment program of the kind described herein. This Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to a particular client. Investors and SMA Clients should refer to the Offering Materials for additional information about the specific risks that may apply to their particular investment.

- No Assurance of Profit or Distributions

Investments held in the portfolio of either an Abbott Fund or SMA Client may not be profitable. Distributions may not be received from Underlying Portfolio Funds, 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 Fund Managers. Thus, the ultimate value of any fund investment will depend upon many factors beyond Abbott's control.

- Multiple Layers of Fees and Expense

As discussed in [Item 5 – Fees and Compensation](#), in addition to investment management fees and/or performance-based fees paid to Abbott by its SMA Clients or the Abbott Funds, the general partners or Fund Managers of the Underlying Portfolio Funds typically impose management fees, performance-based fees and/or other expenses.

Accordingly, SMA Clients and Investors in the Abbott Funds generally bear two layers of fees and expenses related to their private equity investments. Such fees and expenses may result in lower returns than if the SMA Clients or Investors were able to invest directly in the Underlying Portfolio Funds or Portfolio Companies. Certain fees and expenses charged by Abbott to a SMA Client or an Abbott Fund, or by a general partner or Fund Manager of an Underlying Portfolio Fund, will generally be paid regardless of whether the SMA Client, the Abbott Fund, or the Underlying Portfolio Fund produces positive investment returns.

- Unpredictability of Cash Flows

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 Underlying Portfolio Funds in which client accounts are invested.

Return of capital and realization of gains on investments, if any, may not occur for several years after the initial investment and may not occur at all.

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 and SMA Clients should not expect a return of capital or any distributions for a significant period of years after their investment is made.



▪ Certain Risks Particular to Secondary Partnership Investments

In the cases where one or more Abbott Funds or SMA Clients acquire an interest in an Underlying Portfolio Fund in a secondary transaction, such funds and/or accounts (the “Purchaser”) may acquire contingent liabilities of the seller of the interest. More specifically where the seller has received distributions from an Underlying Portfolio Fund which subsequently recalls one or more of the distributions made, it is the Purchaser of the interest to which such distributions are attributable, and not the seller, who may be obligated to return monies equivalent to the distributions being recalled by the Underlying Portfolio Fund. While the Purchaser may, in turn, be able to make a claim against the seller for the amount repaid to the Underlying Portfolio Fund, no assurances can be made that the Purchaser (1) will have the ability to make such a claim or (2) if such a claim is made, that the Purchaser would prevail.

In some instances, one or more Abbott Funds or SMA Clients may have the opportunity to acquire a portfolio of secondary interests from a seller on an “all or nothing” basis. Certain of the prospective investments in the portfolio may be less attractive than others, and certain of the sponsors of these investments may be more familiar to Abbott than others, or may be more experienced or highly regarded than others. In addition, one or more Abbott Funds or SMA Clients may have the opportunity to participate in a stapled secondary (e.g., a secondary purchase of an existing limited partner interest and corresponding commitment to a new fund in formation sponsored by the same investment manager). In certain instances, the purchase of the interest in the new fund may be less attractive than the secondary purchase of an existing limited partner interest. In such cases, it may not be possible for the purchasing Abbott Funds and/or SMA Client to exclude from such purchases those investments which Abbott considers (for commercial, tax, legal or other reasons) less attractive.

Finally, Abbott may be entitled to receive carried interest with respect to secondary investments. The existence of the carried interest may create an incentive for Abbott to approve and cause the Abbott Fund and/or SMA Client to make riskier or more speculative investments than it would otherwise make in the absence of such performance-based profit sharing.

▪ Portfolio Company Risks

Underlying Portfolio Funds in which an Abbott Fund or SMA Client invest will often 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 Portfolio Funds may also invest in Portfolio Companies that are experiencing, or are expected to experience, financial difficulties that such companies may never be able to overcome. In addition, the Underlying Portfolio Funds may require substantial additional capital to support the operations, finance expansion or maintain the competitive position of their Portfolio Companies.

Finally, Underlying Portfolio Funds may not be able to exit Portfolio Company investments at the time and terms desired or may not be able to continue to support the ongoing needs of their Portfolio Companies due to the limited life of the Underlying Portfolio Funds. As a result, the projected performance of a Portfolio Company may not be realized.

- Distribution of Portfolio Companies

In the event a client receives a Distributed Security from an Underlying Portfolio Fund as part of a distribution or liquidation, Abbott's policy is to seek to liquidate these securities typically within 70 days of receipt. As such, the proceeds received could be less than if the client had, for example, maintained possession of the security until a later date.

- Foreign Investments and Currency Related Risks

Abbott may invest client assets in Underlying Portfolio Funds outside the United States. Foreign investments involve certain factors not generally associated with investment in the United States including, among other things, currency exchange issues, economic and political risks, risks of frequent changes to tax legislation, confiscatory taxation, the imposition of foreign taxes on items of income and gain allocable to Investors\SMA Clients, and tax returns and possibly other filing requirements imposed on Investors\SMA Clients.

In addition, capital contributions by and cash distributions to Investors\SMA Clients will be made in U.S. dollars while investments in certain Underlying Portfolio Funds may be made and proceeds from the disposal of certain Underlying Portfolio Funds may be realized in currencies other than U.S. dollars. Consequently, the value of these Underlying Portfolio Funds may be affected by currency movements and may fall to the extent the U.S. dollar appreciates against the currency in which individual Underlying Portfolio Funds are denominated. Abbott currently has no intention of hedging clients' currency exposure.

Non-U.S. Investors may also be subject to exchange rate risk with respect to capital commitments to and distributions received from the Abbott Fund in which they are invested. For example, (1) governments may impose foreign exchange controls or restrictions and (2) exchange rate movements may affect the business, earnings and financial condition of Portfolio Companies held by the Underlying Portfolio Fund.

- Risks Associated with Leverage

Underlying Portfolio Funds may invest in Portfolio Companies whose capital structure may have leverage. Such investments are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments.

In addition, the securities of a Portfolio Company held by an Underlying Portfolio Fund may be among the most junior in a leveraged Portfolio Company's capital structure and thus be subject to the greatest risk of loss.

In the event that a leveraged Portfolio Company is unable to meet its debt service obligations, there likely will be a material adverse effect upon the performance of the investment related to such company.

- Diverse Investor Group

Investors in an Abbott Fund may have conflicting investment, tax, and other interests with respect to their investments in an Abbott Fund. Consequently, the nature or structuring of Underlying Portfolio Funds may be more beneficial for some Investors than for others, particularly with respect to Investors' individual tax situations. In selecting and structuring Underlying Portfolio Funds appropriate for an Abbott Fund, Abbott and the particular Abbott Fund's general partner\investment manager will consider the investment and tax objectives of the Abbott Fund and Investors as a whole, not the investment, tax, or other objectives of any Investor individually.

- Changes in legal, fiscal and regulatory regimes

Changes in legal, fiscal and regulatory regimes may occur during the life of an Abbott Fund that may have an adverse effect on the fund and\or its Underlying Portfolio Funds. An Abbott Fund may not be permitted to, or be able to, make adjustments in its structure or investment program in order to adapt to such changes.

Changes in economic conditions may also occur during the life of an Abbott Fund that may have an adverse effect on its Underlying Portfolio Funds, such as rising interest rates, downturns in the economy or deteriorations in the condition of an industry sector in which an Underlying Portfolio Fund has invested. Due to the illiquidity of the Underlying Portfolio Funds, the Abbott Fund may have limited ability to adapt to any such changes in economic environment or mitigate any corresponding losses.

- Indemnification Obligations

Investors in a private equity fund are generally required to indemnify its general partner, the affiliates of its general partners and their respective managers, members, partners, agents and employees and all of their respective successors, heirs, and assigns and its advisory committee for liabilities incurred in connection with the affairs of such fund and otherwise as provided in the Limited Partnership Agreement for each fund. Such liabilities may be material and have an adverse effect on the returns to SMA Clients and\or the Investors in an Abbott Fund. If the assets of the relevant fund are insufficient to cover these indemnification obligations, its general partner may, subject to certain limitations set forth in the Limited Partnership Agreement of the relevant fund, have the right to recall distributions previously made to any of such fund's limited partners to cover the shortfall.

- Long-Term Investment; Illiquidity of Fund Investments

There is no established market for purchasing or selling existing interests in Underlying Portfolio Funds on the secondary market, and although there has been an increasing volume of secondary sales transactions, no liquid market is expected to develop in the near future.

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 interests in the Abbott Funds. Similarly, there are no assurances that Abbott will be able to liquidate a particular Underlying Portfolio Fund held in a client's portfolio, or that the Fund Manager of an Underlying Portfolio Fund will be able to exit their investment in a Portfolio Company at the time and 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 Underlying Portfolio Fund or the portfolio as a whole may not represent the actual current or long-term value of such fund or portfolio.

- Management of the Portfolios

Decisions regarding the management of clients' accounts will be made by Abbott. Investors have no right or power to take part in the management of any Abbott Fund. SMA Clients managed on a discretionary basis and Abbott Fund Investors will not have an opportunity prior to an investment commitment to review or evaluate the specific investment opportunity selected by Abbott.

In addition, Investors and SMA Clients may not receive any or receive only minimal detailed financial information issued directly by the Fund Managers of the Underlying Portfolio Funds. This information may be available solely to Abbott.

Each Investor in an Abbott Fund or SMA Client managed on a discretionary basis must rely upon Abbott's ability to identify, structure, make and monitor 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 Abbott's clients' portfolios will be largely dependent upon the activities of its managing directors and the other investment professionals employed by Abbott. 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 the business of the Abbott Funds and on Abbott's business, as a whole.

- Reliance on Management of Underlying Portfolio Funds

Generally, Abbott will invest its client's capital directly in Underlying Portfolio Funds managed by Fund Managers unrelated to Abbott and, therefore, Portfolio Company investments made by the Underlying Portfolio Funds will be selected by Fund Managers over which neither Abbott, any Abbott Fund, nor SMA Clients have any control.

Abbott will not play an active role in the day-to-day management of any Underlying Portfolio Fund in which its clients are invested or any Portfolio Company. Moreover, Abbott will generally not have an opportunity to evaluate specific Portfolio Company investments prior to the time such investments are made. As a result, portfolio returns will largely depend on the performance of these unrelated Fund Managers and could be materially and adversely affected by the unfavorable

performance of a small number of Fund Managers to the extent the portfolio is limited or the investments are substantial.

- Competition for Investments

The activity of identifying and completing attractive Underlying Portfolio Fund investments, including secondary investments, is highly competitive, and Abbott regularly competes 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, including entities similar to our clients. Funds with investment objectives similar to the Abbott Funds or investors with mandates similar to Abbott's SMA Clients may compete with Abbott for investments. There can be no certainty that Abbott will be able to identify and complete a sufficient number of attractive primary or secondary partnership investments to meet client investment objectives or to enable the full amount of capital committed to an Abbott Fund, or available for investment by a SMA Client, to be invested. In addition, many of the top-quality Underlying Portfolio 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 its SMA Clients. Notwithstanding a new SMA Client or Abbott Fund, the managing directors of Abbott will continue to devote time to the business of existing Abbott Funds, Abbott's SMA Client portfolios, and to any future funds that the managing directors may organize or SMA Clients they may engage.

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 SMA Clients. As a result, existing Abbott Funds and SMA Clients may face competition for the time and attention of Abbott's investment professionals.

- Economic and Market Risk

Underlying Portfolio 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 Abbott's control, can substantially and adversely affect the business prospects of the Underlying Portfolio Funds in which Abbott invests clients' assets, their Portfolio Company investments, and Abbott's business in general.

A recession or adverse developments in the credit or securities markets may affect some or all of Abbott's 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 transactions, which would reduce the returns that could be achieved.

Abbott may develop its own or rely upon a Fund Manager's views, opinions or projections concerning an Underlying Portfolio Fund's future performance when making investment decisions. Such views, opinions and projections are inherently subject to uncertainty and to factors beyond the control of the Fund Manager to the Underlying Portfolio Fund, the Abbott Fund, SMA Client and Abbott.

- Default by Another Limited Partners.

Abbott expects that the Underlying Portfolio Funds will require commitments to meet capital calls over an extended period of time. Failure by a limited partner in an Abbott Fund to meet a capital call could have adverse consequences for the Abbott Fund (including, without limitation, financial penalties and the possibility of forfeiture of the Abbott Fund's interest in such Underlying Portfolio Funds) which would result in an indirect consequence for non-defaulting limited partners.

- Certain Risks with Respect to Abbott's and Fund Manager's Carried Interest (Performance-Based Fees)

As noted earlier, Abbott provides investment advice with the objective of meeting the Abbott Funds' and SMA Clients' mandates and objectives and may in certain circumstances receive a performance fee or carried interest. Furthermore, the Fund Managers of Underlying Portfolio Funds may be entitled to receive carried interest or other incentive fees or performance allocations. These compensation arrangements may create an incentive for Abbott or the Fund 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. 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.