

## FORM ADV PART 2A: Firm Brochure

**Abingworth Management Inc.**

**3000 Sand Hill Road, B4-145  
Menlo Park, CA 94025, USA**

**December 24, 2020**

This brochure provides information about the qualifications and business practices of Abingworth Management Inc. (“**AMI**”). If you have any questions about the contents of this brochure, please contact AMI’s Chief Compliance Officer (“**CCO**”), John Heard at +44 20 7534 1500 or by email at [legal@abingworth.com](mailto:legal@abingworth.com).

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. Registration of an investment adviser does not imply that AMI or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

## **Item 2: Material Changes**

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The last Annual Update of this Brochure was filed by Abingworth Management Inc. with the SEC on September 26, 2020. The following are the material changes that have occurred since the last Annual Update filing:

- (i) Kurt von Emster's ownership of Abingworth LLP has exceeded 25%.
- (ii) Abingworth Management Limited's capital contribution to Abingworth LLP has fallen below 25%.
- (iii) the Funds have been re-classified as "private equity funds"; and
- (iv) Bali Muralidhar has been appointed a Managing Partner of Abingworth LLP.

## **IMPORTANT NOTE ABOUT THIS BROCHURE**

**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 fund referred to in this brochure**
- **a complete discussion of the features, risks or conflicts associated with any fund referred to in this brochure or any advisory service.**

As required by the Investment Advisers Act of 1940, as amended ("**Advisers Act**"), AMI provides this brochure to current and prospective clients. Additionally, this brochure is available through the Securities and Exchange Commission's ("**SEC's**") Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of AMI, persons who receive this Brochure (whether from AMI) should be aware that it is designed solely to provide information about AMI 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 relevant offering materials. In addition, more complete information about each fund sub-advised by AMI, as well as AMI's investment advisory services, is included in relevant offering materials, certain of which may be provided to current and eligible prospective clients or investors only by AMI's relying adviser, Abingworth LLP. 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.

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#### Item 4: Advisory Business

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##### A. Background

Abingworth Management Inc. (“**AMI**”), a Maryland corporation organized in April 1997 with its principal place of business in Menlo Park, California is part of the Abingworth group (“**Abingworth**”) comprising Abingworth LLP (“**ALLP**” or the “**Manager**”) and its affiliates. AMI is wholly owned ALLP. ALLP is based in London and is an English limited liability partnership registered in England and Wales on June 6, 2006. ALLP is authorized and regulated by the UK Financial Conduct Authority. The principal owners of ALLP are Tim Haines, Genghis Lloyd-Harris, and Kurt von Emster.

AMI is a sub-adviser to ALLP which is a relying adviser of AMI as per the SEC guidance in the 2012 ABA No-Action Letter.

##### B. Advisory Services

AMI provides investment advisory services in relation to companies in the life sciences and healthcare sectors across all stages of company development including early and late-stage venture financing, clinical co-development, and public companies.

AMI provides investment advisory services under a sub-advisory agreement with ALLP regarding its management of privately offered investment funds. The following funds are currently being managed by ALLP and sub-advised by AMI.

- Abingworth Bioventures V LP.
- Abingworth Bioventures V Co-Invest Growth Equity Fund LP.
- Abingworth Bioventures VI LP (“**ABV VI**”).
- Abingworth Clinical Co-Development Fund LP (“**ACCD**”).
- Abingworth Bioventures VII LP (“**ABV 7**”); and
- Abingworth Bioventures 8 LP (“**ABV 8**”).

These funds, together with any future private funds, are collectively referred to as the “**Funds**” and individually as a “**Fund**”, and the Abingworth Bioventures Funds are collectively referred to as the “**Bioventures Funds**”.

Advisory services are rendered by AMI to the Manager as requested, and include:

- Advice on opportunities for investments by the Funds.
- Analysis and review of businesses in which a Fund has invested (each, a “**Portfolio Company**”) or prospective Portfolio Companies.
- Advice concerning the purchase and sale of Portfolio Company securities and matters relating to a Fund’s holding of such securities.
- Periodic reports on the progress of Portfolio Companies.
- Designating a person to represent the interest of any of the Funds by serving as a director or observer of a Portfolio Company or investment fund.
- Designating a person to meet investors and prospective investors, and to assist the Manager in promoting investment funds and support investor due diligence.
- Designating a person or persons to participate in management and board meetings of ALLP either in person in the United Kingdom or by telephone or video conference; and
- Such other services as may be required from time to time.

The Manager uses AMI's services in the advice to or management of the Funds. The principal activity of the Funds is to acquire, hold and dispose of equity securities of companies active in the life sciences and healthcare fields.

### **C. Customisation of Advisory Services**

The limited partnership agreement or other operating agreement as applicable of each Bioventures Fund and ACCD (each a "**Partnership Agreement**") is negotiated with investors as a group (the "**Investors**") and defines the Fund's investment policies and restrictions. Abingworth prepares offering materials with respect to each Fund which materials contain more detailed information of the investment objectives and strategies employed and related restrictions and limitation.

None of the Funds is tailored to meet the individual investment needs of a particular Investor.

AMI provides advice to the Manager with respect to the Funds and not with respect to any Investor.

### **D. Wrap Fee Programs**

Not applicable.

### **E. Client Assets**

As of 30 June 2020, Abingworth had approximately \$1,153,755,120 of regulatory assets under discretionary management.

## **Item 5: Fees and Compensation**

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### **A. Compensation**

Abingworth's compensation is negotiable and varies, but typically Abingworth charges each Fund an annual management fee. In addition, Abingworth affiliates that serve as general partners of each of the Bioventures Funds and ACCD (the "**General Partners**") receive a percentage of net profits distributed to the Investors in such Fund as its "carried interest".

AMI receives a negotiated service fee from ALLP equal to a percentage of the operating expenses incurred by AMI while performing its duties. The expected operating expenses of AMI are set forth in a mutually agreed upon budget prior to the beginning of the fiscal year.

### **Bioventures Funds and ACCD's fees**

The General Partners of the Bioventures Funds and ACCD generally receive a 2% management fee in the form of "General Partner's Share" in accordance with the Partnership Agreement. Such management fees are a percentage of a Fund's total commitments during such Fund's investment period (generally 5 years) and are then reduced over time as set out in the Fund's Partnership Agreement. Such management fees are negotiated with the Investors in each Fund. The Manager's fees are funded out of the General Partner's Share and there are no charges for the Fund in this regard.

### **B. Billing**

The Bioventures Funds and ACCD's management fees are payable quarterly in advance from the commencement date of the Fund.

### **C. Other expenses**

Each of the Bioventures Funds and ACCD is responsible for and does incur other expenses in addition to the management fee payable. These expenses typically include establishment costs, legal, tax,

administrators and audit fees, the cost of Investor and advisory committee meetings and third-party costs arising from transactions whether completed or uncompleted. The expenses are set out in the Partnership Agreement.

#### **D. Advancement of Fees**

See B. above.

#### **E. Other Compensation to Supervised Persons from Sales of Securities or Other Investment Products**

Not applicable.

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

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Certain of the members and employees of Abingworth receive carried interest in the Bioventures Funds and ACCD in their capacity as partners of a General Partner. Carried interest is paid after all drawn down commitments have been repaid to the Investors. Investors are entitled to receive 80% of net profits in proportion to their commitments and the General Partner of each Bioventures Fund and ACCD is entitled to receive 20% of net profits as carried interest. The carried interest is a “performance-based fee”. Performance based fee arrangements may create an incentive for Abingworth to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. As a general matter, Abingworth addresses conflicts by following a thorough, detailed, and consistent decision-making process and by regular reviews of investments.

### **Item 7: Types of Clients**

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AMI provides advice and services to the Manager for its use in managing the Funds. The Manager’s clients are the Funds. Investors in the Funds include pension funds, fund of funds, insurance companies, private banks, foundations, endowments, family offices, high net worth individuals and other institutions. The Funds qualify for exemption from the definition of “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”) under Section 3(c) (1) or Section 3(c) (7) of the Investment Company Act. Investors must meet the requirements for an “accredited investor” under the Securities Act of 1933, as amended (the “**1933 Act**”) and a “qualified purchaser” under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

In general, the minimum investment in the Funds ranges from \$80,000 to \$5,000,000 with the General Partner reserving the right to accept capital commitments of lesser amounts at its discretion.

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

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#### **A. Methods of Analysis and Investment Strategy**

Abingworth has taken a broad approach to investing in life sciences and healthcare in terms of geography, sector, and stage of investment. AMI provides its services to the Manager primarily in relation to US based investment opportunities and Portfolio Companies.

This investment strategy focusses on the life science and healthcare sectors in their broadest definition and investment in a range of business models. Although no allocations are made to specific sub-sectors, principal areas are:

- Biopharmaceuticals: small molecule (chemical) and large molecule (proteins and oligonucleotide), drug discovery and development, as well as vaccines.
- Clinical co-development partnerships (referred to as “**clinical co-development**”): financing clinical trials for an agreed return on regulatory approval.
- Platform technologies: technologies that can lead to multiple pharmaceutical products or significantly reduce the time, cost and risk of pharmaceutical discovery and development.
- Devices and delivery: technology for drug delivery and novel surgical devices; and
- Other areas: including diagnostics, informatics and databases, instrumentation, and specialty pharmaceutical companies.

Abingworth invests at all stages of investment, including:

- Early stage
- Late-stage venture
- Venture growth
- Clinical co-development
- Venture Investments in Public Equities (“VIPes”)
- Public markets.

In relation to clinical co-development, ABV VI, ABV 7 and ABV 8 may typically (but not exclusively) co-invest with ACCD, in clinical co-development transactions through a series of special purpose vehicles.

Refer to Item 4 of this Brochure for a description of the services provided by AML to the Manager in pursuing this investment strategy.

## **B. Risk of loss**

Investing in securities in general involves risks of loss that Investors should be prepared to bear.

The principal risks of Abingworth’s investment strategy are as follows:

- **Appropriate portfolio investments:** The success of each Fund depends on the ability of the Manager to evaluate, acquire, and realize appropriate investments for the portfolio. The Fund will be competing for investments against other groups, including institutional investors, investment managers and industrial groups owned by large and well capitalized investors. There is no guarantee that suitable investments will be available or that any investments will be successful. The marketability and value of any such investment will depend upon many factors beyond the control of the Fund or Manager.
- **Commercial risk:** Investment in companies that are at a relatively early stage in their development is subject to a high degree of financial and commercial risk. Certain of these companies are likely to have little operating history and may operate at a loss or with substantial variations in operating results from period to period. Many of the companies may need substantial additional capital to support additional development activities, expansion or to achieve a competitive position.
- **Market risk:** Companies in which a Fund invests may be sensitive to general downward swings in the overall economy or in the life sciences sector.

- **Unquoted companies:** Investments in unquoted companies may be difficult or impossible to realize. Investments in unquoted companies are intrinsically riskier than in quoted companies as unquoted companies may be smaller, more vulnerable to changes in markets and technology and dependent on the skills and commitment of a small management team.
- **Maturity:** There may be a significant period before a Fund has made all of its investments. In addition, investments can take several years to mature and as a result, while long-term performance of the Fund may be good, performance in the early years may be slow to develop and progress may not be reflected in interim valuations.
- **Minority investor:** Each Fund, since it will normally be a minority investor, may not always be in a position to protect its interests effectively.
- **Concentration of investments:** The Funds will be focused on life science and healthcare investments, or in the case of ACCD, clinical co-development investments, and may not enjoy the reduced risks of a highly diversified portfolio. A specialized investment focus is inherently riskier and could cause the Funds' investment to be more susceptible to particular economic, political, regulatory or industry conditions or occurrences compared to a fund, or portfolio of funds, that is more diversified and has a broader industry focus.
- **Government approvals:** The success of the Portfolio Companies may be dependent upon obtaining certain government approvals. Companies in the life science industry typically require the approval of agencies such as the Food and Drug Administration in the US and/or the European Medicines Agency prior to their products being available to the public. The approval process is very lengthy and very costly and there can be no guarantee that a Portfolio Company will obtain the necessary approvals for its products.
- **Patent protection:** Certain of the Portfolio Companies will need to obtain patent protection for products, both in the US and in other countries. The patent position of life science companies in many countries is highly uncertain and involves complex legal, scientific, and factual questions. There is no consistent policy regarding the permissible breadth of coverage of claims allowed in biotechnology patents.
- **Clinical co-development investments:** In relation to possible clinical co-development investments (i.e., in SPVs that finance late-stage clinical trials):
  - such trials are financed at the risk of the relevant SPV. There is a risk that the clinical trial does not result in approval by a Clinical Regulatory Agency because of failure to demonstrate efficacy, safety concerns, failure to recruit trial subjects or unforeseen regulatory concerns. If the clinical trial does not result in approval, then it is highly likely that the Fund will lose its entire investment in the project.
  - such investments will be exposed to losses if a counterparty fails to meet its obligation to make contractually agreed payments.
  - if such a trial achieves approval by a Clinical Regulatory Agency, the pharmaceutical partner's payment obligations will usually extend over several years. It may be possible to improve rates of return by monetizing the payments, but this may not always be possible. Discount rates achievable for selling the payment streams will be dependent on general interest rates, and if these increases then the proceeds achievable from monetization will reduce; and
  - the returns available from successful clinical co-development transactions may be capped by the terms agreed with the pharmaceutical counterparty.



- **Financing:** Portfolio Companies may require financing beyond that which can reasonably be provided by the Fund and other co-investors. In that event and assuming such financing is even available from third parties, the Fund's interest in any such companies will be diluted, possibly at unfavorable prices and on unfavorable terms.
- **Clinical co-development investments financing:** In relation to investments in clinical co-development investments, while clinical co-development transactions have relatively predictable financing requirements compared to many venture capital investments, and the Manager will seek to ensure that the Fund and co-investors have made appropriate provision for cost overruns, this may not be practicable or sufficient.
- **Past performance:** Past performance of similar investments is not necessarily a guide to the future performance of a Fund's investments and there is no guarantee that suitable investments will be available or that the target returns of the Fund will be achieved.
- **Currency risk:** As the Funds may invest in several currencies, returns will be subject to currency fluctuations.
- **Manager personnel:** Although the Manager will devote such time and effort as may be reasonably required to implement a Fund's objectives, the members, directors, officers, employees, and affiliates of Abingworth will not be required to devote their full time to a Fund's affairs.
- **Dependence on key personnel:** A Fund's success will depend in large part on the members of Manager personnel primarily responsible for its management and, in relation to clinical co-development investments, on the key executives of the SPVs. The loss of any of these individuals may have a significant adverse impact on the Fund's business.
- **Litigation:** Each Fund will be subject to a variety of litigation risks, particularly due to the possibility that one or more Portfolio Companies will face financial or other difficulties during the term of the Fund. A Fund may also participate in portfolio company financings at implicit valuations lower than the valuations implicit in preceding rounds of financing.
- **Board positions:** A Fund typically will have observation or visitation rights or the right to designate director(s) to serve on the board of directors of the Portfolio Company. In addition, members of Abingworth personnel may serve, from time to time, as officers or directors of a Portfolio Company. The foregoing rights and activities, especially considering new statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose a Fund and the assets of the Fund to regulatory action and/or claims by a Portfolio Company, its security holders, and its creditors.
- **Fiduciary duty:** In their capacity as officers or directors, members of Abingworth personnel will be subject to fiduciary or other duties to the Portfolio Company, which may adversely affect the Fund. For example, the Fund may be prohibited from selling publicly traded securities of a portfolio company if a member of Abingworth personnel is in possession of material non-public information relating to such company.
- **Disposal of Portfolio Company or clinical co-development investments:** In connection with the disposal of a Portfolio Company, including in relation to the monetization of a payment stream through either sale of the payment stream or the SPV that owns the payment stream in respect of clinical co-development investments, a Fund may be required to

make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. The Fund may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the Manager may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires.

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**Item 9: Disciplinary Information**

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AMI and the Manager and their supervised persons have not been involved in any legal or disciplinary events that are material to a client or potential client's evaluation of Abingworth's advisory business or the integrity of AMI's management.

**a) Criminal or civil action**

None

**b) Administrative proceeding**

None

**c) Self-regulatory organization (SRO) proceeding**

None

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

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**A. Broker-Dealer or Registered Representative Status**

Not applicable.

**B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person Status**

Not applicable.

**C. Relationships with Other Financial Industry Participants**

AMI's relationship with ALLP is material to its advisory business. Please see Item 4A and B (Background) above. ALLP is a relying adviser of AMI in reliance on and complying with the conditions expressed in the American Bar Association, Business Law Section, SEC No-Action Letter (publicly available January 18, 2012).

**D. Recommending or Selecting Other Advisers**

Not applicable.

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

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**A. Code of Ethics & Personal Trading**

Pursuant to Rule 204A-1 of the Advisers Act, Abingworth has adopted a Code of Ethics that establishes various procedures with respect to investment transactions in accounts in which Abingworth

personnel have a beneficial interest or accounts over which an employee has investment discretion and requires them to comply with federal securities laws and report any violations of the Code. The Code of Ethics also addresses insider trading, possible family and household member conflicts, personal disclosures regarding legal and regulatory matters and confidentiality.

In general, Abingworth personnel (and members of their immediate households) are permitted to invest in equities, options or futures but must obtain written pre-approval from the CCO for any equity, equity linked or corporate debt security issued in a public offering (IPOs or subsequent offerings), for any equity, equity linked or corporate debt security issued in a private offering and for any transaction where the company or investment vehicle operates in the biotech, pharmaceutical, medical device or healthcare sectors. The spirit of the Code of Ethics is to discourage frequent trading in employee personal accounts. Abingworth personnel must also obtain pre-approval from the CCO before engaging in any outside business activities.

Abingworth personnel are required to provide to the CCO duplicate brokerage statements or other trading summaries for each account over which an employee has investment discretion and individual transaction reports for that account. These records are periodically reviewed to monitor compliance with the foregoing policies and to ensure that Abingworth personnel are not engaging in personal trading activity that is inconsistent with their and Abingworth's duty to clients.

These policies apply to any personal transactions involving equity, debt, options, or futures. This policy does not apply to transactions involving government securities or open-end mutual funds, exchange traded funds (ETFs) or other instruments which afford the investor no discretion over individual securities transactions.

Abingworth's Code of Ethics and Personal Account Dealing Policy are reviewed annually and circulated at least annually to all personnel, each of whom at least annually must certify in writing that he or she has received and followed the Code of Ethics and Personal Account Dealing Policy and any amendments thereto.

Abingworth's Code of Ethics and Personal Account Dealing Policy is available upon request.

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

Abingworth may recommend an investment in a company that is already held in another Fund or in which members of Abingworth personnel or affiliates have an existing interest. In the case of private companies and investments made as a VIPE investment or in an initial public offering, such investments may not be made without the prior approval of the advisory committee (comprised of Investor representatives) of that Fund ("**Advisory Committee**").

Further, a Manager, its affiliates, members of Abingworth personnel and other Funds may coinvest alongside the Fund, subject to the terms of its Partnership Agreement and/or the prior approval of the Fund's Advisory Committee. In the case of ABV VI and clinical co-development investments, Advisory Committee consent is required for any co-investment by ABV VI with ACCD that is not shared 50/50 and on equal terms. In the case of ABV 7 and clinical co-development investments, if the Manager considers that a clinical co-development investment opportunity meets the investment criteria of both ABV 7 and ACCD, then both funds will be allocated the opportunity to invest as follows: 1/3 for ABV 7 and 2/3 for ACCD, unless the Manager has determined that ABV 7 has fully allocated the portion of the fund targeting clinical co-development in which case ACCD will be allocated the entire investment opportunity subject to ACCD investment restrictions and requisite approvals. In the event that the investment periods of ABV 8 and ACCD (as defined in their respective limited partnership agreements) overlap in time, if the Manager considers that a clinical co-development investment opportunity meets the investment criteria of both ABV 8 and ACCD, then

both funds will be allocated the opportunity to invest as follows: 1/3 for ABV 8 and 2/3 for ACCD, provided that if ACCD reaches the limit of the amount it can invest in a single transaction then any remaining investment opportunity will be allocated to ABV 8.

Members of Abingworth personnel may be paid fees or awarded equity or share options by a Portfolio Company for acting as a director or for the provision of other services. In such cases, the member of Abingworth personnel remits the fees to the Manager, unless otherwise agreed and subject to certain exceptions discussed below. The Manager will account to the General Partner of the Fund for such fees by making an equivalent reduction in the management fee payable. Where an investment is held in more than one Fund, the fee may be allocated between the Funds on an equitable basis. The Manager may retain certain of the fees pursuant to the Partnership Agreement.

Members of Abingworth personnel may not purchase or sell any securities of a Portfolio Company without pre-approval from the CCO (see Code of Ethics and Personal Trading above).

### **C. Investments in securities recommended to clients**

Except as set forth in B. above, Abingworth or its related persons would not invest in the same securities or related securities that Abingworth recommends to clients.

### **D. Investment in securities at or about the same time recommended to clients**

Except as set forth in B. above, Abingworth and its related persons do not recommend to clients, or buy or sell for client accounts, any securities that Abingworth or its related person buys or sells for themselves at or about the same time as the investment by Abingworth's clients.

## **Item 12: Brokerage Practices**

### **A. Selecting or recommending broker-dealers**

Abingworth has no obligation to deal with any broker or dealer in the execution of transactions in Fund securities. In selecting broker-dealers with whom to place orders for purchases and sales on behalf of the Funds, Abingworth considers the ability to obtain favourable pricing, prompt and efficient execution at competitive rates, the brokers' facilities, reliability and financial responsibility and the provision of brokerage or research services (see I below).

### **I. Research and other soft dollar benefits**

Abingworth may purchase from a broker or allow a broker to pay for the following (each a "soft dollar" relationship):

- Traditional research reports analysing the performance of a company or stock.
- Financial newsletters and trade journals.
- Quantitative analytical software and software that provides analyses of securities portfolios,
- Seminars and conferences; and
- Other services.

Abingworth may pay to a broker commissions that exceed those that another broker might charge for effecting the same transaction because of the value of the brokerage, research, other services, and soft dollar relationships that such broker provides. Abingworth determines in good faith that such compensation is reasonable in relation to the value of such services in terms of the specific transaction or Abingworth's overall duty to its clients. The Manager will consider that it would have to provide to or acquire at its own expense such soft dollar services for a Fund. Abingworth believes that such

soft dollar services may provide the Funds with benefits by supplementing the research and services otherwise available to the Funds.

Abingworth's relationships with brokers that provide soft dollar services may influence Abingworth's judgement and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and those that do not. Abingworth may have an incentive to select a broker based on Abingworth's interest in receiving soft dollar services rather than the Funds' interest in receiving the most favourable execution.

Abingworth has addressed these conflicts by annually reviewing the trade execution services that Abingworth receives from the brokers it uses to execute trades for the Funds. Abingworth considers the quality of execution services, the value of continuing with soft dollar services, adding, or removing brokers and the appropriate level of commission rates.

## **2. Brokerage for client referrals**

A Manager may place transactions with a broker or dealer that (i) provides the Manager with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers prospective shareholders to a Fund or other products advised by the Manager (or an affiliate), if otherwise consistent with seeking best execution; provided the Investment Manager is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of prospective clients.

## **3. Directed brokerage**

Abingworth does not accept clients who require it to execute transactions through a specified broker dealer.

## **B. Aggregation**

Abingworth may aggregate securities sale and purchase orders for a Fund with similar orders being made for Funds that Abingworth manages. In addition to considerations of equity, aggregation avoids placing competing orders, improves order management and may because of larger order size, permit some degree of price improvement relative to a series of individually placed orders. Abingworth may aggregate Fund orders for execution where it believes it is in the best interest of Funds to do so.

## **Item 13: Review of Accounts**

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### **A. – B. Review of Accounts**

The Manager monitors the Portfolio Companies in each Fund on an ongoing and quarterly basis.

### **C. Reporting**

Investors in the Funds receive audited financial statements and quarterly unaudited accounts for the Fund(s) in which they are invested.

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

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### **A. Compensation from Third Parties**

Not applicable.

## **B. Solicitors.**

AMI does not currently utilize any third-party marketers or solicitors for client referrals.

ALLP uses placement agents to assist with fund raising activities and takes measures to ensure that such placement agents are registered with the SEC as a broker-dealer.

## **Item 15: Custody**

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AMI does not provide custodial services to the Manager or the Funds. However, AMI, through the Manager and the General Partners has custody of the assets of each Fund under Rule 206(4)-2 of the Advisers Act.

The Manager arranges for custody of paper stock certificates and stock held in electronic form with Sanne Fiduciary Services (UK) Limited, State Street Trustees Limited and Royal Bank of Scotland Plc, Luxembourg branch.

Investors in the Funds will receive audited financial statements for the Fund(s) in which they are invested within 120 days of the fiscal year end.

## **Item 16: Investment Discretion**

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The Manager has discretionary investment authority to manage the Fund pursuant to the management agreement between the Manager, the General Partner, and the Fund. AMI provides only non-discretionary advisory services to the Manager.

## **Item 17: Voting Client Securities**

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AMI does not have proxy voting authority with respect to any security it recommends. The Manager exercises proxy voting authority for the Funds and may consult with AMI at its discretion on proxy voting matters.

The Manager votes securities held by the Fund in the best interests of the Fund as determined by the Manager. The Manager also has the flexibility to abstain from a proxy vote when it determines that abstention is in the best interests of the Fund. In determining whether a proposal serves the best interest of a Fund, the Manager will have regard to the Abingworth Proxy Voting Policy. If a material conflict arises, the Manager will follow the procedures in the Proxy Voting Policy.

Investors may obtain a copy of the policy and a record of the votes cast by contacting the CCO.

## **Item 18: Financial Information**

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There is no financial condition of Abingworth that is reasonably likely to impair Abingworth's ability to meet contractual commitments to clients.

### **A. Financial disclosures**

Not applicable.

### **B. Material financial impairment**

Not applicable.

**C. Bankruptcy petitions**

Not applicable.