

## 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 US 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 26, 2020 and is the annual updating amendment to the prior Brochure, dated March 29, 2019.

This annual amendment provides updated Advisory Business, Risk and Methods of Analysis sections, as well as an updated description of Abbott’s side-by-side management policy and other immaterial, administrative updates.

### Item 3 - Table of Contents

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Item 2 – Material Changes .....	1
Item 3 - Table of Contents .....	2
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	6
Item 6 – Performance-Based Fees and Side-By-Side Management .....	8
Item 7 – Types of Clients .....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9 – Disciplinary Information .....	21
Item 10 – Other Financial Industry Activities and Affiliations .....	22
Item 11 – Code of Ethics .....	23
Item 12 – Brokerage Practices .....	27
Item 13 – Review of Accounts .....	30
Item 14 – Client Referrals and Other Compensation .....	31
Item 15 – Custody .....	32
Item 16 – Investment Discretion .....	33
Item 17 – Voting Client Securities .....	34
Item 18 – Financial Information .....	36

## 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 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. More complete information about each Abbott Fund, as well as Abbott’s investment management services in general, is included in the materials that govern a client or Investor relationship with Abbott such as an advisory contract, private placement memorandum and related supplements, limited partnership agreement or other operating agreement (collectively “Governing Documents”), 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 Governing Documents, the relevant Governing Documents shall govern and control. **As such, it is critical that persons who receive this Brochure refer to the information provided in the Governing Documents for a complete understanding of the services to be provided.**

**In no event should this Brochure be considered an offer of interest 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 is an independently owned and managed investment firm focused exclusively on the investment, management, and administration of private equity assets. Abbott focuses exclusively on private equity by making investments for both commingled funds sponsored by Abbott (the “Abbott Funds”) and separate account clients (“SMA Clients”) in professionally managed venture capital, growth equity, buyout, and special situations funds and other private equity investments. Abbott is based in New York with a subsidiary, Abbott Capital (Europe), Ltd (“Abbott Europe”), based in London.

Abbott strives to construct high-conviction portfolios for our clients by making investments in private equity funds (“Underlying Portfolio Funds”) and other private equity investments and building portfolios where investments are highly complementary to each other and tailored to the diversification needs and objectives of our clients. Abbott will typically seek to commit to high quality managers (“Fund Managers”) focused on different regions, sectors, industries and vintage years. From inception through December 31, 2019, Abbott had committed over \$21 billion to more than 500 private equity investments on behalf of our clients.

Abbott provides investment management services to institutional and high net worth clients through the “Abbott Funds” as well as through separately managed accounts (which can include third party sponsored commingled funds or single investor funds). Abbott invests across various sectors of the private equity universe focusing on investments via primary commitments to Underlying Portfolio Funds and purchases of new or existing private equity investments as part of a secondary or co-investment transaction. As of September 30, 2019, Abbott managed regulatory assets under management of approximately \$9.2 billion on a discretionary basis and \$11.0 million on a non-discretionary basis.

### **The Abbott Funds**

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

Each Abbott Fund 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 Governing Documents.

#### ▪ **Abbott Annual Program Funds**

The Abbott Annual Program Funds (the “AP Funds”) are Abbott’s core, diversified commingled funds, having been first formed in 2007 and organized annually since then. The AP Funds seek to build private equity portfolios with a high degree of diversification by strategy, industry, geography, as well as by vintage year, and style.

The AP Funds offer each investor (the “Abbott Fund Investors”) the flexibility to select either a core allocation (determined by Abbott) or a customized allocation to certain private equity and venture capital strategies (ranging from 0-100%), enabling investors to create portfolios tailored to specific investment objectives. In addition, regardless of an investor’s individual strategy allocation, the AP Funds seek to commit a portion of their capital to opportunistic investments,

which may include secondary market transactions, co-investments and other tactical investments.

▪ **Abbott Secondary Opportunities**

Abbott made its first secondary purchase in 1987 and has made many secondary purchases over its 30-year history. In 2016, Abbott formed its first dedicated commingled secondaries fund, Abbott Secondary Opportunities, L.P. and Abbott formed its second dedicated commingled secondaries fund, Abbott Secondary Opportunities II, L.P., in 2019. Abbott Funds primarily focused on secondary investing generally focus on secondary transactions in the smaller end of the market, and seek attractive investment opportunities globally, including single fund and small portfolio purchases, fund restructurings, direct secondaries and co-investments with secondary characteristics.

**Separately Managed Accounts**

Abbott has managed separate accounts for clients since 1987.

Abbott has the ability to build fully customizable separately managed accounts, which can be structured as a traditional separate account or as a fund-of one, depending on the client's preferences. For separately managed accounts, Abbott generally works with the client to design portfolio construction guidelines including investment objectives, constraints, and preferences, as well as monitoring and reporting obligations.

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 an asset or commitment-based fee, fixed fees, or in certain instances, under performance-based fee (carried interest) arrangements. Fees paid to Abbott for such services are separate and distinct from any management fees, expenses or carried interest charged by Fund Managers.

### Management Fees

#### The Abbott Funds

Management fees charged to the 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 charged to Investors may be negotiable and are typically equal to a percentage of the Investor's subscription to the Abbott Fund subject to a phase-in and phase-down period, the amount of invested capital or the net asset value of the Abbott Fund's investments.

Fees are deducted directly from the accounts of the Abbott Funds and, depending on the Abbott Fund, are paid quarterly in advance or arrears. Abbott Funds liquidating 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).

#### 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. Management fees are typically charged (1) as a percentage of either committed capital, the amount of invested capital or the net asset value of the account's investments or (2) as a fixed fee.

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 and Side by Side Management](#) for further discussion.

## Additional Expenses

The fees described above cover only Abbott's investment management services. The Abbott Funds and SMA Clients will bear, directly and indirectly, certain additional expenses. Each Abbott Fund typically pays, or reimburses Abbott for, operating expenses and the organizational and offering expenses related to the account. Expenses permitted to be charged to a specific Abbott Fund are set out in the relevant Governing Documents. Abbott allocates expenses on a basis that it considers equitable and in accordance with each Abbott Fund's Governing Documents and Abbott's Expense Allocation Policy.

Operating expenses for an Abbott Fund typically include those related to legal; accounting; insurance; custodial and banking charges; interest expense on borrowed money; registration fees; third party expenses associated with the purchase, holding or sale of assets; meetings of the advisory boards/limited partners; taxes, duties and other governmental charges; administrative expenses necessary or appropriate for the fund's regulatory or tax compliance; reasonable travel expenses (including transportation, lodging, meals and related expenses) incurred in respect of any of the foregoing and such other expenses as may be set forth in the relevant Governing Documents.

Offering expenses for an Abbott Fund typically include those related to the organization of the fund as well as syndication of the fund, including travel-related expenses incurred by Abbott employees.

SMA Clients can 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 Governing Documents. Abbott allocates expenses on a basis that it considers equitable and in accordance with each SMA Client's Governing Documents and Abbott's Expense Allocation Policy.

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

Furthermore, and as discussed in more detail in [Item 12 – Brokerage Practices](#), Abbott will, on occasion, trade underlying interests in secondary markets and sell exchange-traded securities received as part of a distribution or liquidation of an Underlying Portfolio Fund. In these cases, Investors in the Abbott Funds and/or SMA Clients will bear the cost of commissions, placement agent or brokerage fees or similar charges in connection with purchase or sale of these investments.

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 you refer to the relevant Governing Documents 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 (carried interest) on the performance of some or all of their investments.

### Abbott Funds

Carried interest paid by the Abbott Funds is typically based on the profits realized from all or certain types of investments. Carried interest, if applicable, is earned and payable in accordance with the terms set out in the Governing Documents for the relevant Abbott 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, profits realized from all or certain types of investments 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, its Managing Directors and certain additional Abbott professionals 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 regularly by Abbott's Portfolio Construction Committee ("PCC") (refer to [Item 13 – Review of Accounts](#)). Abbott's PCC is designed to ensure that clients are provided the opportunity to participate in investment opportunities which are suitable for the client as Abbott determines taking into consideration the client's existing portfolio and its stated strategy and/or mandate, and that allocations are fair and equitable. In addition, Abbott's investment allocation policy (refer to [Item 11 – Code of Ethics](#) and [Item 12 – Brokerage Practices](#)) determines a client's allocation when the investment capacity provided by the underlying manager of the investment opportunity is limited and access is constrained.

## Item 7 – Types of Clients

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Investors in the **Abbott Funds** include:

- Corporations;
- Endowments;
- Foundations;
- Insurance companies;
- Taft Hartley plans;
- Not-for-profit organizations;
- State or municipal government entities;
- State or municipal governmental pension plans;
- High-net worth individuals;
- Non-US institutions;
- Pension and profit-sharing plans;
- Sovereign wealth funds;
- Registered investment companies;
- Pooled investment vehicles; and
- Trusts.

**SMA Clients** include:

- Corporations;
- State or municipal government entities (including government pension plans);
- Non-US institutions;
- Pension and profit-sharing plans; and
- Pooled investment vehicles.

Abbott Fund Investors and SMA Clients are subject to applicable suitability requirements.

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

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

In addition, Abbott Fund Investors must meet certain stated minimum commitments as set out in the Governing Documents 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

As discussed in [Item 4 – Advisory Business](#), Abbott invests across various sectors of the private equity universe focusing on investments via primary commitments to Underlying Portfolio Funds and purchases of new or existing private equity investments as part of a secondary or co-investment transaction in the following private market segments:

- North America Private Equity (Buyout and Special Situations funds with a focus on North America)
- Europe & Rest of World (“RoW”) (Buyout and Special Situation funds with a focus outside North America)
- Small Buyouts (Buyout and control-oriented Special Situations funds with a focus on North America)
- Venture Capital & Growth Equity Fund

In addition, Abbott at times engages in bespoke strategies (such as, for example, a focus on emerging managers) which cuts across the various private market segments listed above.

Abbott builds portfolios of multiple Underlying Portfolio Funds which are diversified across strategies, investment types, vintage years and/or regions. Investments in Underlying Portfolio Funds are selected via Abbott’s rigorous due diligence process. Abbott believes it is necessary for the firm to be aware of substantially all managers within our investable universe and we routinely process and screen in excess of 500 investments per year. Within the context of the above segments and appropriate portfolio construction, Abbott generally focuses on a bottom-up analysis of opportunities. As potential investments progress through our diligence process, they will be subjected to Abbott’s quantitative and qualitative analysis.

Abbott’s in-depth quantitative analysis includes:

- confirmation of cash flows and IRR calculations;
- analysis of performance by status (realized or unrealized), sector, geography, investment size, investment type, etc.;
- loss rate analysis;
- benchmarking against data provider benchmarks (generally Pevara and Cambridge Associates) for the appropriate strategy and geography;
- benchmarking against relevant public market indices on a cash flow-matching basis;
- benchmarking against other named funds, on a vintage year cohort basis, with similar strategies within Abbott’s known universe;
- attribution analysis by general partner staff member, including leavers (this analysis is corroborated and, if necessary, adjusted based on reference calls);
- purchase price multiples and current valuation methodologies; and
- operating metric analysis including revenue and/or EBITDA growth and changes in leverage levels, and the various components’ contribution to value creation.

Abbott’s qualitative diligence serves to confirm data provided by the general partner, seeks to understand the facts revealed in the data, and provides a basis for evaluation and judgment of the overall opportunity. This element of our diligence is tailored to the investment opportunity and includes a combination of some of the below items:

- multiple meetings and discussions;
- reference calls to existing and former management teams, recent departures from the organization, vendors of business to the general partner, lenders or other service providers, and to contacts in Abbott's networks including competitors, other managers who may have purchased businesses from the general partner in question, other limited partners and advisory board members, among others; and
- operational due diligence designed to evaluate the manager's internal control environment
- meetings or discussions with the executive teams of portfolio companies.

## 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 below. 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 Governing Documents 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:

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. Abbott Fund Investors and SMA Clients should refer to the Governing Documents for additional information about the specific risks that may apply to their particular investment or investment program.

- 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 (carried interest) paid to Abbott by its SMA Clients and/or the Abbott Funds, the general partners or Fund Managers of the Underlying Portfolio Funds typically impose management fees, performance-based fees (carried interest) 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.

- Certain Risks Particular to Co-Investment and Certain Other Investment Opportunities

Abbott Fund Investors or SMA Clients may be offered the opportunity to co-invest alongside an Abbott Fund or to invest in certain co-investment opportunities offered to an Abbott Fund. In addition, Abbott Fund Investors or other third parties, including other private investment firms and strategic investors, may be offered the opportunity to participate in all or a portion of an investment opportunity offered to Abbott by an Underlying Portfolio Fund.

Abbott does not expect to offer such investment opportunities with respect to all co-investment opportunities, and may allocate any such opportunities in its sole discretion, including for example, based on the size of the SMA Client's account or an Investor's aggregate commitments to the Abbott Funds. Moreover, the co-investment opportunity may be structured such that co-investors do not share in any broken-deal expenses.

The allocation of these investment opportunities may involve a benefit to Abbott including, management fees, carried interest and/or other transaction-based compensation in connection with the investment opportunity, additional subscriptions, and/or capital commitments to other funds managed by Abbott. As a result, Abbott will be subject to conflicting interests with respect to offering co-investment and certain other investment opportunities.

Co-investments may involve the syndication of a Portfolio Company's investment financing when an Abbott Fund or SMA Client makes a common equity, preferred stock or debt investment in an underlying Portfolio Company. Co-investments are often subordinated to any debt provided to such underlying Portfolio Company by senior lenders. Co-investments involve a high degree of risk and are generally not diversified because they typically involve investments in (or provide financing to) a single, underlying Portfolio Company. There is no guarantee that Abbott will correctly assess a particular co-investment's risk/return profile or that, once purchased, a co-investment will perform to our expectations.

- 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 or competition.

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.

- Commitments in Excess of its Capital Commitments (recycling)

Abbott has the option to recycle proceeds of investments for reinvestment and to pay fees and expenses of the Abbott Funds as described in the relevant Governing Documents. In addition, Underlying Portfolio Funds may have the option to recycle. As such, an Abbott Fund may make commitments to Underlying Portfolio Funds, and an Underlying Portfolio Fund may make investments, in excess of its aggregate capital commitments. Therefore, it is possible that an Abbott Fund, at a given point in time, could have outstanding obligations in excess of its aggregate capital commitments. Accordingly, there is a risk that, should an Abbott Fund make commitments in excess of its aggregate capital commitments and should a significant portion of an Abbott Fund's obligations come due in a short period of time; there could be insufficient capital available to satisfy all of an Abbott Fund's obligations. Further, during the term of any Abbott Fund, to the extent amounts are reinvested in investments, Investors will remain subject to investment and other risks associated with such investments.

- Use of Leverage and Borrowing

Borrowing money for the purposes of cash management or to bridge capital calls can directly impact (positively or negatively) an account's IRR and multiple and can increase the risks associated with an investment. Borrowings may be secured by a client's commitments or assets. The amount of borrowings and the interest rates on those borrowings, which may fluctuate, can also have a significant effect on profitability. Moreover, a client's ability to service its debt depends largely on its financial performance and is subject to prevailing economic conditions and competitive pressures.

Certain Abbott Funds and certain Underlying Portfolio Funds use a subscription line of credit. Performance may be favorably impacted when the Abbott Fund or Underlying Portfolio Fund uses this line of credit to facilitate portfolio investments, or to pay expenses, because it defers the calling of capital from investors. Since IRR generally is calculated as of the date the capital is called, rather than at the earlier time of funding the portfolio investment or payment of the expense, the use of a subscription line of credit could have a favorable impact on reported performance returns. If a subscription line had not been used, the IRR may have been materially different due to the increased time an investor's capital was at risk.

- Distribution of Portfolio Companies

In the event a client receives a Distributed Security (defined below) from an Underlying Portfolio Fund as part of a distribution or liquidation, Abbott's policy is to seek to liquidate these securities typically within 90 days of receipt. As such, the value and proceeds received by a SMA Client or an Investor could be less than if the client had, for example, maintained possession of the security until a later date, sold the security immediately upon receipt or if Abbott distributed the security in kind.

- Non-U.S. Investments and Currency Related Risks

Abbott may invest client assets in Underlying Portfolio Funds outside the U.S. Non-U.S. 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 Abbott Fund Investors/certain SMA Clients structured as a single investor fund will be made in US 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 and contributions 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 Underlying Portfolio Funds appropriate for an Abbott Fund, Abbott and the relevant Abbott Fund's general partner 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 partner and their respective managers, members, partners, agents and employees and all of their respective successors, heirs, and assigns and its limited partner 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. Moreover, its general partner may, subject to certain limitations set forth in the limited partnership agreement of the relevant fund, recall distributions previously made to any of such fund's limited partners to cover the shortfall.

- Long-Term Investment; Illiquidity of Fund Investments

An investment in a private equity fund, including any Abbott Fund, is a long-term commitment. Investors may not receive distributions prior to or upon liquidation of any private equity fund.

There is no established market for purchasing or selling existing interests in Underlying Portfolio Funds or the Abbott Funds, and although there has been an increasing volume of secondary sales transactions in recent years, no liquid market is expected to develop in the near future, and the transferability of private equity fund investments can be restricted.

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 client 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 likely 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 only minimally-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 client 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 and co-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 investments to meet client 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

Conflicts may arise in connection with the investment activities of the Abbott Funds or its SMA Clients and the allocation of the Managing Directors' time among the Abbott Funds and SMA Clients. Abbott presently manages multiple Abbott Funds and SMA Client accounts and may in the future manage additional Abbott Funds/SMA Client accounts that have investment objectives comparable, in whole or in part, to those of the current 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, regional or global pandemics 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 Partner

Abbott expects that the Underlying Portfolio Funds will require commitments to meet capital calls over an extended period of time. Failure by an Investor 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 Investors.

- 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

Investors with limited strategy portfolios should be aware that such portfolios typically will not provide the same level of diversification as other core diversified products or programs offered by Abbott.

- Cybersecurity Risks

An Abbott Fund's or SMA Client's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect an Abbott Fund and its limited partners or Abbott's SMA Clients, despite the efforts of Abbott and the Abbott Fund's and SMA Client's service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to an Abbott Fund and its limited partners or an SMA Client. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to the systems of Abbott, an Abbott Fund's or SMA Client's service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Abbott's systems to disclose sensitive information in order to gain access to Abbott's data or that of an Abbott Fund's limited partners or SMA Client. A successful penetration or circumvention of the security of Abbott's systems could result in the loss or theft of an Investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause an Abbott Fund, an SMA Client, Abbott or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for the underlying portfolio companies in which an Abbott Fund or SMA Client would invest, which could have material adverse consequences for such Abbott Fund or SMA Client, and may cause the Abbott Fund's or SMA Client's investments to lose value.

- Possession of Material Non-Public Information ("MNPI")

Abbott may come into possession of MNPI restricting Abbott's ability to buy or sell an investment which may adversely impact a client.

- Reliance on Due Diligence

Abbott has implemented a due diligence process but must rely on the information available. There can be no assurance that the information available will highlight all the facts necessary to determine whether an investment is suitable for a client.

- Joint Venture Risk

Abbott may, from time to time, engage in joint venture relationships. There are a number of different threats or risks that could adversely affect an Abbott Fund and its Investors or Abbott's SMA Clients, despite the efforts of Abbott including, without limitation, potential and actual conflicts of interest, increased liability, differences in corporate culture and risk of loss.

While Abbott seeks to manage accounts so that risks are appropriate to the strategy, it is often not possible 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 independently owned and managed investment firm. Current Managing Directors hold a majority stake in the firm, with a residual ownership interest held by one of its retired co-founders. Abbott is not a subsidiary of, or 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.

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

Abbott Europe is an Abbott subsidiary located in London. 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 US-based investment staff. Abbott Europe is authorized and regulated by the UK Financial Conduct Authority (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 that 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 at least annually thereafter. 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 gifts or entertainment;
- rules relating to political contributions;
- preserving the confidentiality of client and firm information;
- communications with clients and prospective client; and
- reporting of certain outside business affiliations.

All employees are required to acknowledge at least 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 fair and equitable under the circumstances, while considering certain factors existing at the time, including, without limitation, 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 affiliations outside their employment with Abbott.</p>	<p>Abbott's Chief Compliance Officer must approve any outside business activity. Outside business affiliations which are likely to represent a material conflict of interest with Abbott's business are also subject to additional approval requirements and are typically not permitted.</p> <p>In instances where these outside affiliations are permitted, employees with an affiliation to an Underlying Portfolio Fund or a 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.</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 affiliations.</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 verify that all actions taken on behalf of clients are in the clients' best interest.</p> <p>Abbott generally seeks to avoid acting on advisory boards where participation would require Abbott to vote on issues that would conflict with the best interests of its clients.</p>

Potential Conflict of Interest	Mitigating Policies
<p>On occasion, Abbott 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.</p> <p>In addition, 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.</p> <p>Abbott employees may own public securities in their personal accounts held by the Underlying Portfolio Funds and/or clients.</p>	<p>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.</p> <p>Abbott will typically not permit employees to invest in private equity funds in which clients are investing or which have been reviewed by Abbott for client investment but deemed not suitable at the time. Additionally, Abbott will typically not permit employees to purchase or sell public securities held directly by a client and/or the Underlying Portfolio Funds. Waivers may be permitted in certain instances, subject to the approval of the Chief Compliance Officer and management. These interests are not typically purchased from Abbott, its employees or other related persons but are issued directly by the Underlying Portfolio Fund.</p>
<p>Abbott, at times, incurs expenses that are allocable to more than one client or to both Abbott and one or more clients.</p>	<p>Abbott maintains policies and procedures relating to the allocation of expenses. Abbott allocates expenses on a basis that it considers equitable and in accordance with clients' Governing Documents and Abbott's Expense Allocation Policy.</p>
<p>There may be limited capacity in Underlying Portfolio Funds and Abbott may need to apply discretion when allocating the available capacity.</p> <p>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.</p> <p>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.</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 fair and equitable, 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>

Potential Conflict of Interest	Mitigating Policies
Abbott may recommend and invest an Abbott Fund or a 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 payable to Abbott at multiple levels.</p> <p>In addition, with respect to a SMA Client, the decision to invest in an Abbott Fund or to provide Abbott the discretion to invest in an Abbott Fund is made by the client.</p>
Where appropriate and in the best interest of both clients, Abbott could cause one client to purchase an investment from or sell investments to another client ("Cross Transactions"). At times these Cross Transactions may be in connection with a warehousing transaction, as defined in the Governing Documents of the relevant Abbott Fund.	<p>Cross Transactions are reviewed by Abbott's Investment Team. Warehousing 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 Governing Documents, 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 controlling persons may have an interest in and/or may own in the aggregate more than 25% of one of the Abbott Fund(s) or SMA Client(s) 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(s) 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="#">Item 12 – Brokerage Practices</a> for further details.</p>

## Item 12 – Brokerage Practices

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### **Investment Aggregation and Allocation and Best Execution**

Abbott does not typically use brokers to effect primary transactions in Underlying Portfolio Funds for Abbott Funds or SMA Clients, as these investments are not traded on the open market. Abbott may use brokers in connection with secondary transactions in Underlying Portfolio Funds. Fees associated with these transactions may be in addition to the purchase or sale price per the purchase and sale agreement.

In addition, Abbott clients, at times, receive securities from Underlying Portfolio Funds as part of a distribution or liquidation of an Underlying Portfolio Fund (“Distributed Securities” or “Distributed Stock”). Abbott’s general policy is to seek to liquidate these securities according to Abbott’s Stock Distribution Liquidation Policy.

### **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 clients are provided the opportunity to participate in investment opportunities which are suitable for the client taking into consideration the client’s existing portfolio and its stated strategy and/or mandate, and that allocations are fair and equitable.

To alleviate potential conflicts, 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 seeks to allocate the investment to suitable accounts with an investment mandate in the relevant strategy pro-rata in accordance with each client’s relevant strategy investment level, to the extent practicable.

Regarding allocation of individual secondary opportunities, Abbott currently anticipates allocating available opportunities between the Abbott Funds with a dedicated secondary strategy pro-rata based on each fund’s target secondary strategy level, to the extent practicable. If the opportunity size exceeds the amounts suitable for these Abbott Funds, Abbott may allocate such opportunities to other client accounts or co-investors with an interest in secondary opportunities.

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

## **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 a third-party broker 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 such clients or for SMA clients which may have internal policies regarding the sale of Distributed Stock that differs from the one generally followed by Abbott. 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 and third-party commissions charged to discretionary and non-discretionary clients. Furthermore, Abbott may not be able to take advantage of liquidity opportunities for clients that have not provided Abbott with discretionary authority to direct the liquidation of Distributed Securities.

Abbott has selected its primary broker-dealer on the basis of its judgment of professional capability to provide services at reasonably competitive rates. The broker is reviewed on at least an annual basis and is generally selected based on factors such as commission rates, effectiveness of execution and general responsiveness. Although Abbott uses one broker for substantially all stock liquidation activity, it may also use brokers that are market makers in securities for transactions executed on behalf of clients or better suited for a specific transaction. 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.

## **Directed Brokerage**

SMA Clients with a pre-established relationship with a broker-dealer may instruct Abbott to execute securities transactions through that broker or dealer.

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 not be able 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 could, 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 engage in Cross Transactions. At times, these Cross Transactions may be done in connection with a warehousing transaction, as defined in the Governing Documents of the relevant Abbott Fund.

Cross Transactions are reviewed by Abbott's Investment Team. Warehousing 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 Governing Documents, 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 controlling persons may have an interest in and/or own in the aggregate more than 25% of one of the Abbott Fund(s) or SMA Client(s) 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(s) 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.

The PCC (which is comprised of at least five Abbott Managing Directors) seeks to review each actively investing Abbott Fund and SMA Client's overall portfolio no less frequently than quarterly. During this review, the PCC evaluates the account's construction (i.e., specific characteristics of the account's investments), as well as the pace at which the account is being invested, to confirm compliance with the account characteristics agreed to with the client.

In addition, members of the investment, operations and fund administration teams, under the direction of the Abbott Managing Directors overseeing those teams, seek to undertake an 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 on a quarterly basis. 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.

### **Abbott Funds**

The following reports are typically made available to Investors in the Abbott Funds through a web-based portal, accessible via the Abbott website ([www.abbottcapital.com](http://www.abbottcapital.com)):

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

### **SMA Client**

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

Reporting may include the following:

- monthly reports containing a statement of investment holdings and detailed transaction activity reports;
- quarterly reports containing a statement of investment holdings at fair value, detailed transaction activity reports and an overview of the SMA Client's portfolio, including stage, industry and geographical composition; and
- annual client tactical plans which include a recap of investment activity and account performance for the prior year and which discuss goals and strategies to be implemented in the upcoming year.

#### 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 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.



## Item 15 – Custody

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

Abbott does not physically hold cash or unrestricted certificated securities of the Abbott Funds or SMA Clients. Cash and certificated securities are held by Qualified Custodians (as defined under the Advisers Act) appointed by each Abbott Fund or SMA Client.

Abbott and/or its affiliates have custody of the Abbott Funds and certain SMA Clients organized as single investor funds. Abbott or an affiliate serves as General Partner (or in a similar capacity) to these funds and/or Abbott 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 funds within 180 days of each fund’s fiscal year end or (2) incorporated into the audits of other Abbott Funds.

## 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 related to securities distributed by Underlying Portfolio Funds and other investments, and amendments, consents or resolutions relating to Underlying Portfolio Funds (collectively “Proxies”) 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 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. 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, Abbott may determine that it is the client’s best interest for Abbott to abstain from voting and will do so accordingly.

Abbott, in its sole discretion, may abstain from voting a proxy if:

- we anticipate selling the security in accordance with our Stock Distribution Liquidation Policy;
- the cost of voting the proxy exceeds the expected benefit;
- we conclude that the effect on client’s economic interests or the value of the portfolio holding is indeterminable or insignificant; or
- if due to a conflict of interest, we believe that it would be in the client’s best interest for us to either abstain from voting or not vote at all.

For avoidance of doubt, Abbott will generally not vote proxies issued by company investments held as a result of Distributed Securities (securities received from underlying portfolio funds in lieu of or as part of a distribution or liquidation of that underlying portfolio fund) which are either pending liquidation or have been fully liquidated.

Where Abbott believes that there may be an actual or perceived material conflict of interest, Abbott will, as appropriate under the specific circumstance, (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 a 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 are limited partners, Abbott will vote the shares it controls in line with the vote of the majority of other vote holders.

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

SMA Clients and Investors may request a copy of Abbott's Proxy Voting Policy, SMA Clients may request a copy of Abbott's proxy voting records in relation to their account, and Investors may request a copy of Abbott's proxy voting records on public securities 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.