

Letter to the Shareholders

By Thomas Amstutz | December 3, 2009

Letter to the Shareholders as of December 3, 2009

Dear shareholder,

As we informed you on December 1, 2009, the board of directors of Absolute Private Equity has decided to refrain from making any new commitments to private equity limited partnerships in 2010.

The private equity industry has in general not adjusted to the new environment after last year's crises and it will be very challenging for the industry to match the returns of the past 20 years given the reduced leverage and an unlikely p/e multiple expansion. Therefore, the board believes that it is more beneficial to return as much money to our shareholders as possible and prudent to make small investments with a two to three year investment horizon in some special situations. This will be financed from the expected distributions of our early vintage private equity funds.

After two very difficult years for the financial industry the board expects a broad consolidation in asset prices over the next 18 months. Under this scenario, Absolute Private Equity's portfolio is well positioned to pay out a substantial part of its distributions over the next two years without compromising the remaining portfolio.

Sincerely,

Thomas Amstutz, Chairman