

Disclosure Brochure

March 10, 2011

Abaris Financial Group, LLC

a Registered Investment Adviser

1150 Maine Street, Suite 10
Concord, MA 01742

(978) 371-9649

www.abarisfinancial.com

This brochure provides information about the qualifications and business practices of Abaris Financial Group, LLC (hereinafter "Abaris"). If you have any questions about the contents of this brochure, please contact Abbey Henderson at (978) 371-9649. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Abaris Financial Group, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Abaris Financial Group, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since Abaris's last annual update dated February 25, 2011.

Abaris does not have any material changes to disclose in this Item.

Item 3. Table of Contents

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Supervised Person Brochure Supplements

Item 4. Advisory Business

Abaris is an investment adviser fee-only investment adviser dedicated to providing financial planning, consulting, and investment management services with professionalism, passion, and integrity. Prior to engaging Abaris to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Abaris setting forth the terms and conditions under which Abaris renders its services (collectively the “*Agreement*”). Neither Abaris nor the client may assign the *Agreement* without the consent of the other party. A transaction that does not result in a change of actual control or management of Abaris is not considered an assignment.

Abaris has been in business since December 2001. Abbey Henderson is the principal owner of Abaris. Abaris has \$80,918,000 of assets under management as of January 31, 2011, all of which are managed on a discretionary basis.

This disclosure brochure describes the business of Abaris. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Abaris’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Abaris’s behalf and is subject to Abaris’s supervision or control.

Financial Planning and Consulting Services

Abaris may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include non-investment related matters). These services primarily include retirement planning and education funding analysis, but may also be tailored based on a client’s individual needs. Through financial planning and consulting, Abaris endeavors to gain a clear understanding of clients’ goals.

In performing its services, Abaris is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Abaris may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Abaris recommends its own services. The client is under no obligation to act upon any of the recommendations made by Abaris under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Abaris itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Abaris’s recommendations. Clients are advised that it remains their responsibility to promptly notify Abaris if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Abaris’s previous recommendations and/or services.

Investment Management Services

Clients can engage Abaris to manage all or a portion of their assets on a discretionary or non-discretionary basis.

Abaris primarily allocates clients' investment management assets among mutual funds and exchange-traded funds ("ETFs"), and to a lesser extent among Independent Managers (as defined below). In addition, Abaris may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. Abaris also provides advice about any type of investment held in clients' portfolios.

Abaris also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Abaris either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Abaris tailors its advisory services to the individual needs of clients. Abaris consults with clients initially and on an ongoing basis through a confidential questionnaire to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Abaris ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Abaris if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Abaris's management services.

Use of Independent Managers

As mentioned above, Abaris recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Abaris or the client and the designated *Independent Managers*. Abaris renders services to the client relative to the discretionary selection of *Independent Managers*. Abaris also monitors and reviews the account performance and the client's investment objectives. Abaris receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When selecting an *Independent Manager* for a client, Abaris reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past

performance and risk results to the extent available. Factors that Abaris considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Abaris's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Abaris, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to Abaris's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Abaris. In such instances, Abaris may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Additions and Withdrawals to Accounts

Clients may make additions to and withdrawals from their account at any time, subject to Abaris's right to terminate an account. Clients may withdraw account assets on notice to Abaris, subject to the usual and customary securities settlement procedures. However, Abaris designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Item 5. Fees and Compensation

Abaris offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

Financial Planning and Consulting Fees

Abaris may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$2,000 to \$6,000 on a fixed fee basis and/or up to \$300 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages Abaris for additional investment advisory services, Abaris may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services. For clients to whom Abaris provides investment management services, periodic reviews, evaluation, and revisions of their financial plan are included in Abaris's annual investment management fee (as described below).

Prior to engaging Abaris to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Abaris setting forth the terms and conditions of the engagement. Generally, Abaris requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management Fee

Abaris provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Abaris. Abaris's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Abaris does not, however, receive any portion of these commissions, fees, and costs. Abaris's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by Abaris on the last day of the previous quarter. The annual fee varies (between 0.65% and 1.25%) depending upon the market value of the assets under management.

As further discussed in Item 7, Abaris imposes a minimum annual fee for its investment management services. Abaris, in its sole discretion, may negotiate to waive its minimum annual fee or charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Abaris generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

Abaris may only implement its investment management recommendations after the client has arranged for and furnished Abaris with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, any other broker-dealer recommended by Abaris, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which is disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Abaris's fee.

Abaris's *Agreement* and the separate agreement with any *Financial Institutions* authorizes Abaris or *Independent Managers* to debit the client's account for the amount of Abaris's fee and to directly remit that management fee to Abaris or the *Independent Managers*. Any *Financial Institutions* recommended by Abaris have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Abaris. Alternatively, clients may elect to have Abaris send an invoice for payment.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees is calculated on a *pro rata* basis.

The *Agreement* between Abaris and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Abaris's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that Abaris reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Abaris may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

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If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

Item 6. Performance-Based Fees and Side-by-Side Management

Abaris does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Abaris provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Fee

As a condition for starting and maintaining a relationship, Abaris generally imposes a minimum annual fee of \$1,400. This minimum fee may have the effect of making Abaris's service impractical for clients, particularly those with portfolios less than \$155,000 under Abaris's management. Abaris, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Abaris. In such instances, Abaris may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Abaris's primary methods of analysis is fundamental. Fundamental analysis involves the fundamental financial condition and competitive position of a company. Abaris analyzes the financial condition, capabilities of management, earnings, new products and services, as well as the company's market and position amongst its competitors as part of its analysis in choosing securities. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

As part of establishing a client portfolio, Abaris first engages in data gathering to understand the client's goals and current financial situation. After gathering relevant data, Abaris develops a financial plan specific to the client and subsequently presents the plan to the client. After establishing an agreed-upon action plan, Abaris implements the asset allocation strategy using mutual funds and ETFs.

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual funds and ETFs are subject to secondary market trading risks. Shares of mutual funds and ETFs will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that a mutual funds' and ETFs' exchange listing or ability to trade its shares will continue or remain unchanged. Shares of the mutual fund or ETF may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV), which is the price that an investor would buy or sell the mutual fund or ETF at. The per share NAV of a mutual fund or ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the mutual fund's or ETF's holdings. The trading prices of a mutual fund's or ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's ETF's shares trading at a premium or discount to NAV.

Market Risks

The profitability of a significant portion of Abaris's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Abaris will be able to predict those price movements accurately.

Use of Independent Managers

Abaris may recommend the use of *Independent Managers* for certain clients. Abaris will continue to do ongoing due diligence of such managers, but the such recommendations relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Abaris does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

Use of Private Collective Investment Vehicles

Abaris may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Use of Margin

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Abaris in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Abaris will not be increased.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

Abaris is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Abaris does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Abaris is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Abaris does not have any required disclosures to this Item.

Item 11. Code of Ethics

Abaris and persons associated with Abaris ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Abaris's policies and procedures.

Abaris has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Abaris or any of its associated persons. The *Code of Ethics* also requires that certain of Abaris's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Abaris's *Code of Ethics*, none of Abaris's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Abaris's clients.

When Abaris is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Abaris is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Abaris to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, Abaris generally recommends that clients utilize the brokerage and clearing services of *Fidelity*.

Factors which Abaris considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables Abaris to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Abaris's clients comply with Abaris's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Abaris determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Abaris seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Abaris periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Abaris in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Abaris will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Abaris (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Abaris may decline a client's request to direct brokerage if, in Abaris's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Abaris decides to purchase or sell the same securities for several clients at approximately the same time. Abaris may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Abaris's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Abaris's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Abaris determines to aggregate client orders for the purchase or sale of securities, including

securities in which Abaris's *Supervised Persons* may invest, Abaris generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Abaris does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Abaris determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Abaris may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Abaris in its investment decision-making process. Such research generally will be used to service all of Abaris's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Abaris does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Abaris may receive from *Fidelity*, without cost to Abaris, computer software and related systems support, which allow Abaris to better monitor client accounts maintained at *Fidelity*. Abaris may receive the software and related support without cost because Abaris renders investment management services to clients that maintain assets at *Fidelity*. The software and related systems support may benefit Abaris, but not its clients directly. In fulfilling its duties to its clients, Abaris endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Abaris's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Abaris's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Abaris may receive the following benefits from *Fidelity* through the Fidelity Registered Investment Advisor Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Advisor Group participants;

access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

For those clients to whom Abaris provides investment management services, Abaris monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Abaris provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of Abaris’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Abaris and to keep Abaris informed of any changes thereto. Abaris contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Abaris provides investment advisory services will also receive a report from Abaris that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from Abaris.

Those clients to whom Abaris provides financial planning and/or consulting services will receive reports from Abaris summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Abaris.

Item 14. Client Referrals and Other Compensation

Abaris is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Abaris is required to disclose any direct or indirect compensation that it provides for client referrals.

Abaris may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 10, above.

Item 15. Custody

Abaris's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Abaris through such *Financial Institution* to debit the client's account for the amount of Abaris's fee and to directly remit that management fee to Abaris in accordance with applicable custody rules.

The *Financial Institutions* recommended by Abaris have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Abaris. In addition, as discussed in Item 13, Abaris also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Abaris.

Item 16. Investment Discretion

Abaris is generally given the authority to exercise discretion on behalf of clients. Abaris is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Abaris is given this authority through a power-of-attorney included in the agreement between Abaris and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Abaris takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

Abaris may vote client securities (proxies) on behalf of its clients. When Abaris accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in Abaris's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Abaris's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Abaris to request information about how Abaris voted proxies for that client's securities or to get a copy of Abaris's Proxy Voting Policies and Procedures. A brief summary of Abaris's Proxy Voting Policies and Procedures is as follows:

- Abaris has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to Abaris's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Abaris devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Abaris's vote on a particular solicitation but can revoke Abaris's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Abaris maintains with persons having an interest in the outcome of certain votes, Abaris takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18. Financial Information

Abaris does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Abaris is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Abaris has no disclosures pursuant to this Item.

Abaris Financial Group, LLC

a Registered Investment Adviser

1150 Maine Street, Suite 10
Concord, MA 01742

(978) 371-9649

www.abarisfinancial.com

Prepared by:

