

Part 2A of Form ADV: *Firm Brochure*

504 Fund Advisors, LLC

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December 18, 2013

This brochure provides information about the qualifications and business practices of 504 Fund Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (630) 810-4500 or melste@sbacef.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about 504 Fund Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 169663.

Item 2. Material Changes

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

This Brochure provides you with a summary of 504 Fund Advisors, LLC Pennant Management's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. The disclosure in this Item 2 is used to provide our clients with summary of new and/or updated information in the Brochure. We will inform you of the revision(s) based on the nature of the information as follows:

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end ("FYE") of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item 2.

2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item 2). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to contact us, and how we do business.

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Item 4. Advisory Business

504 Fund Advisors, LLC is a SEC-registered investment adviser with its principal place of business located in Lisle, Illinois. The firm began conducting business in 2014.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

Live Oak Bancshares
US Fiduciary Services, Inc.

Mark A. Elste is a shareholder and the firm's CEO.

Our investment recommendations will be composed primarily of new production SBA 504 first lien loans. Investments may also be recommended in US government / agency securities and repurchase agreements.

MUTUAL FUND PORTFOLIO MANAGEMENT

504 Fund Advisors, LLC will provide discretionary portfolio management services to the Pennant 504 Fund (the "Mutual Fund"), a non-diversified, closed-end fund that is registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 that operates as an "interval fund." 504 Fund Advisors, LLC serves as the investment manager to the Mutual Funds and continuously manages the Mutual Fund's assets based on the investment objectives and strategies as outlined in the Mutual Fund's prospectus.

Mutual Fund investments are managed in accordance the Fund's investment objective, strategies and restrictions as set forth in the Mutual Fund's prospectus and are not tailored to the individualized needs of any particular investor in the Mutual Fund. There can be no assurance that the investment objectives of the Fund will be achieved and investment results may vary substantially.

504 Fund Advisors, LLC receives an advisory fee according to the fee schedules listed in the Mutual Fund's prospectus. Interested investors should refer to the Mutual Fund's prospectus and Statement of Additional Information

("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents will be available on-line at the Mutual Fund's website. A prospectus may also be obtained from the SEC's website.

Prior to making any investment in the Mutual Fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Fund.

AMOUNT OF MANAGED ASSETS

As of December 18, 2013, we had no regulatory assets under management (as defined by the SEC).

Item 5. FEES AND COMPENSATION

BILLING TERMS

For all of the services rendered with respect to the Mutual Fund, the Fund will pay to our firm a fee at an annual rate of 2.00% charged as a percentage of Current Net Assets which may be waived in order to maintain overall expenses no greater than 2.5% on the Current Net Assets of the Fund. Such fee will be accrued by the Fund daily and will be payable monthly in arrears, within fifteen business days after the last day of each month. If fees begin to accrue with respect to the Fund during the middle of a month, all fees for the period from that date to the end of the month will be prorated according to the proportion that the period bears to the full month. For purposes of computing the amount of advisory fee accrued for any day, "Current Net Assets" will mean the Fund's net assets as of the most recent preceding day for which the Fund's net assets were computed.

Investors in the Mutual Fund bear their proportionate share of the Mutual Fund's fees and expenses, including their pro rata share of the advisory fees.

GENERAL INFORMATION

Termination of the Advisory Relationship: The Investment Advisory Agreement may be terminated by the Fund at any time without payment of any penalty, by the Board, or by vote of a majority of the outstanding voting securities of the Fund, upon sixty (60) days' written notice to the Adviser, and by the Adviser upon sixty (60) days' written notice to the Fund. In the case of termination of the Investment Advisory Agreement with respect to the Mutual Fund during any month, all fees accrued from the beginning of that month to, but excluding, the date of termination, will be prorated according to that proportion that the period bears to the full month and will be paid promptly following such termination.

Mutual Fund Fees: All fees paid to 504 Fund Advisors, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a fund shareholder may pay an initial or deferred sales charge.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

504 Fund Advisors, LLC does not charge performance-based fees, which are fees based on a share of capital gains or capital appreciation of client assets.

Item 7. Types of Clients

504 Fund Advisors, LLC's only client is the Mutual Fund.

The minimum investment required by the Mutual Fund is described in the Mutual Fund's prospectus.

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

The Fund's investment objectives are to provide current income, consistent with the preservation of capital, and to enable Fund investors to claim favorable regulatory consideration of their investment under the Community Reinvestment Act of 1997.

Mutual Fund proceeds will be used to purchase SBA 504 first liens, or interests therein, that we believe meet traditional bank underwriting guidelines.

The Fund Manager plans to allow investment in loans for a defined group of property types, including:

- Multi-purpose
 - ⊙ Warehouse, retail, industrial, medical, R&D, etc.
- Hospitality
 - ⊙ Restricted to franchises of major companies
 - ⊙ No independent hotel/motel properties will be allowed
- Other special purpose
- Auto repair, restaurants (other allowable special purpose properties to be noted in the formal loan policy manual)

The Fund will exclude investment in loans for certain property types, including:

- Gas station, assisted living, properties with underground storage tanks (other excluded properties to be documented in the formal loan policy manual)

A comprehensive loan policy manual has been created, based on the Fund Manager's significant experience in the SBA 504 market. 504 Fund Advisors, LLC will perform its own credit and investment analysis of borrowers and its SBA 504 first lien loan. We will take into consideration, among other things, the borrower's financial resources and operating history, its sensitivity to economic conditions and trends, the ability of its management, and anticipated cash flow, interest, asset coverage and earnings prospects. The Fund expects to follow the general lending guidelines used by the SBA. Because the SBA must directly approve each second lien request, the underwriting parameters for the Fund can never be more lenient than the SBA's underwriting requirements.

Although the Fund expects to most frequently acquire entire loans by entering into an assignment agreement whereby the Fund effectively purchases the loan, the Fund may also use other options to purchase first lien loans, including:

- Table funding
- Co-originations with selling/referring lender of less than 100%
- Participations

These purchase options are more fully described in the Mutual Fund's Prospectus.

The Fund may also invest in corporate and U.S. Government debt securities. Debt securities are used by issuers to borrow money. The issuer usually pays a variable, floating or fixed rate of interest, and must repay the amount borrowed, usually at the maturity of the security. The market value of such securities may fluctuate in response to interest rates and the creditworthiness of the issuer. Corporate debt securities include, but are not limited to, debt obligations of public and private corporations. U.S. Government debt securities include direct obligations of the U.S. Government and obligations issued by U.S. Government agencies and instrumentalities. Although certain securities issued by the U.S. Government, its agencies or instrumentalities are backed by the full faith and credit of the U.S. Government, others are supported only by the credit of that agency or instrumentality. There is no guarantee that the U.S. Government will provide support to such agencies or instrumentalities and such securities may involve risk of loss of principal and interest. In addition, a security backed by the U.S. Treasury or the full faith and credit of the U.S. Government is guaranteed only as to the timely payment of interest and principal when held to maturity. The current market prices for such securities are not guaranteed and will fluctuate.

The Fund's investments in debt securities are subject to credit risk. An issuer's credit quality depends on its ability to pay interest on and repay its debt and other obligations. Defaulted securities or those expected to default are subject to additional risks in that the securities may become subject to a plan or reorganization that can diminish or eliminate their value. The credit risk of a security may also depend on the credit quality of any bank or financial institution that provides credit enhancement for the security.

The Fund's investments in debt securities are subject to interest rate risk, which is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk usually decrease in value when interest rates rise and increase in value when interest rates decline. Also, debt securities with longer maturities typically experience a more pronounced change in value when interest rates change.

Prospective investors should be aware that the purchase of Fund interests involves significant risk. The success of the Fund will depend entirely on the skill and expertise 504 Fund Advisors, LLC and the performance of its investment strategy. There can be no assurance that the Fund will achieve its investment objectives. Prospective investors must consider the risk factors set forth in the Fund's Prospectus and SAI.

Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

504 Fund Advisors, LLC previously disclosed in "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) of this brochure that our firm is the investment adviser to the Pennant 504 Fund, an investment company registered under the Investment Company Act of 1940. We are related to the Mutual Fund through common control. Please refer to these items for a detailed explanation of this relationship and important conflict of interest disclosures.

As a subsidiary of U.S. Fiduciary Services, Inc., our firm is under common ownership and control with several financial institutions, including the following with which we have a material business relationship (referred to collectively as the "Related Companies"):

- GreatBanc Trust Company, an Illinois trust company regulated by the State of Illinois Department of Financial and Professional Regulation;

- Salem Trust Company, a Florida trust company regulated by the State of Florida Department of Financial Institutions;
- USF Affiliate Services, Inc., an Illinois corporation that provides administrative and back office support to all affiliates of U.S. Fiduciary Services, Inc.;
- Waretech, Inc., an Indiana corporation that provides technology support to all affiliates of U.S. Fiduciary Services, Inc.; and
- Pennant Management, Inc., an SEC-registered investment adviser.

Our firm is also a subsidiary of Live Oak Bancshares, a Federal Reserve regulated bank holding company. Live Oak Bancshares' subsidiaries are Live Oak Banking Company, a North Carolina commercial bank regulated by the FDIC and the NC Commissioner of Banks. The bank is wholly-owned. Certain managing members of 504 Fund Advisors, LLC are key executives of Live Oak Bancshares.

Live Oak Bancshares also owns less than 50% of a company called nCino, LLC, which vends a bank operating system. The nCino system will be used to handle loan documentation for the loans in the Mutual Fund in accordance with the terms of a service provider relationship between 504 Fund Advisors, LLC and nCino.

Live Oak Bancshares also owns 100% interest in Government Loan Solutions ("GLS"). GLS provides specialized third-party pricing and consulting services to financial institutions. Specifically, the pricing service provides valuation information for SBA pooled securities, individual SBA loans and USDA loans. Robert Judge and Jordan Blanchard, both portfolio managers for Mutual Fund, are also employees of GLS. GLS provides pricing services to GreatBanc, Pennant's affiliate, in connection with repurchase agreements. GreatBanc serves as the custodian of the repurchase agreements and uses the pricing services of GLS to value the collateral. Pennant clients are investors in the repurchase agreements.

There are no referral arrangements between our firm and Pennant Management, Inc.

We may occasionally trade the same or similar securities in client portfolios that are traded by Pennant Management, Inc. in its client portfolios. When this occurs, our clients may receive a better or worse price or execution than Pennant Management, Inc.'s clients depending on the order of trade execution, the type of security traded and the broker-dealer used. In order to minimize the potential for any systematic disadvantage to clients; when trades are placed in the same security on the same day for both our clients and Pennant Management, Inc.'s clients, we will seek to rotate the order of execution with respect to the Mutual Fund.

As this affiliation with Pennant Management, Inc. may present potential conflicts of interest, we have established written policies and procedures for insider trading that prohibit any other member, officer or employee of our firm, from buying, selling or recommending the securities of companies bought, sold or recommended by Pennant Management, Inc. where the decision is substantially derived, in whole or in part, by reason of access to the recommendations of Pennant Management, Inc. to its clients.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

We have adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 of the Investment Advisers Act and Rule 17j-1 of the Investment Company Act which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

504 Fund Advisors, LLC and our personnel owe a duty of loyalty, fairness and good faith toward our clients, and have an obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

Our Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's supervised persons. Among other things, our Code also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for oversight, enforcement and recordkeeping provisions.

The Code further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

504 Fund Advisors, LLC and individuals associated with our firm are prohibited from engaging in principal transactions and agency cross transactions.

Our Code is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

In addition, individuals associated with our firm are required to report all personal securities transactions conducted in our affiliated Mutual Fund.

Our firm and individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person may have an interest or position in a certain security, which may also be recommended to a client.

In order to prevent employees benefiting from transactions placed on behalf of clients, it is the expressed policy of our firm that no person employed by us may purchase or sell any security within two (2) business days before or after any client trades in that security unless:

1. the employee's transaction occurs in an account over which the employee does not have direct or indirect influence or control;
2. the employee has complied with the Code regarding prior written approval of a transaction by the firm's compliance officers; or,
3. the transaction occurs in conjunction with the rebalancing of the employee's portfolio by Pennant Management, Inc. concurrent with the rebalancing of other portfolios with identical investment objectives and at a price equal to or less advantageous than the price obtained for such security by 504 Fund Advisors, LLC for each client.

We may aggregate our employee trades with client transactions when possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances when there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing the Code, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for his personal portfolio when his decision is a result of information received as a result of his employment unless the information is also available to the investing public.
3. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
4. We have established procedures for the maintenance of all required books and records.
5. Clients can decline to implement any advice rendered, except when our firm is granted discretionary authority.
6. All of our principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
7. We require delivery and acknowledgment of the Code by each supervised person of our firm.
8. We have established policies requiring the reporting of Code violations to our senior management.
9. Any individual who violates any of the above restrictions may be subject to termination of employment.

A copy of our Code is available to our advisory clients and prospective clients. You may request a copy by calling us at (630) 810-4500.

Item 12. Brokerage Practices

Our objective in selecting brokers and in effecting portfolio securities transactions is to seek the best combination of price and execution with respect to our portfolio transactions over time. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other factors are considered as they are deemed relevant. In applying these factors, we recognize that different brokers may have varying execution capabilities with respect to certain types of securities. In determining whether a particular broker is likely to provide best execution, we may take into account the factors that we deem relevant, including, by way of illustration:

- price;
- the size of the transaction;
- the nature of the market for the security and the timing and impact of the trades on such market;
- the amount of the commission or size of the spread;
- the ability to fulfill the order in a timely manner;
- available algorithms, technical capabilities, programming flexibility, and borrowing abilities;
- the broker-dealer's clearance and settlement capabilities;
- the broker-dealer's trade error rate and ability or willingness to correct errors;
- the timing of the transaction, taking into account market prices and trends;
- the reputation, experience and financial stability of the broker-dealer; and
- the quality of service rendered by the broker-dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a higher commission rate may be appropriate if the difference in cost is reasonably justified by the quality of the service offered.

We believe that paying fair and reasonable commissions to broker-dealers in return for quality execution services benefits clients. Moreover, transactions that involve specialized services on the part of the broker-dealer will usually result in higher commissions or other compensation to the broker-dealer than would be the case with transactions requiring more routine services.

Research and Other Soft Dollar Benefits

We do not currently receive research or any other soft dollar benefits from broker-dealers. If we decide to enter into soft dollar arrangements, such arrangements would be consistent with the safe harbor provided by Section 28(e).

Directed Brokerage

504 Fund Advisors, LLC requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to our clients for these transactions.

Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Trade Aggregation and Allocation

We will execute block trades when possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day.

Item 13. Review of Accounts

MUTUAL FUND PORTFOLIO MANAGEMENT

REVIEWS: 504 Fund Advisors, LLC continually reviews and monitors the holdings of the Mutual Fund in accordance with the investment objectives as detailed in the Mutual Fund's prospectus.

The timing and nature of account reviews for the Mutual Funds are further dictated by regulatory requirements including but not limited to the 1940 Act, the Internal Revenue Code, and the Mutual Fund's prospectus limitations and internal guidelines.

REPORTS: Reports are provided to the Mutual Funds' Board of Trustees at least four times each calendar year. Shareholder reports are issued in accordance with the Mutual Fund's prospectus.

Item 14. Client Referrals and Other Compensation

CLIENT REFERRALS

It is 504 Fund Advisors, LLC policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

OTHER COMPENSATION

It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15. Custody

Our firm does not have actual or constructive custody of client accounts.

In accordance with Section 17(f) of the Investment Company Act of 1940, the Mutual Fund has entered into a custody agreement with UMB, pursuant to which UMB will serve as custodian of the assets of the Fund.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17. Voting Client Securities

504 Fund Advisors, LLC may vote proxies if directed to do so by clients. Such a direction would be established during execution of the initial investment advisory contract, or a subsequent letter of direction from a client.

When we are directed to vote proxies, we will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. We contract with the research firm Glass Lewis & Co. to provide independent and objective proxy research and voting recommendations. This helps us avoid any potential conflicts of interest. In most cases, custodians will be directed to send proxies directly to Glass Lewis & Co. for vote execution. Occasionally, proxies may be delivered to 504 Fund Advisors, LLC. When this occurs, we will vote the proxy in accordance with the recommendations of Glass Lewis & Co.

Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting 504 Fund Advisors, LLC by telephone, email or in writing. Clients may request, in writing, information on how proxies for shares in such client's account were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for such client's account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account, including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18. Financial Information

As an advisory firm that maintains discretionary authority for client accounts or is deemed to have custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. 504 Fund Advisors, LLC has no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a balance sheet with this Brochure.

504 Fund Advisors, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.