

# **ABRAMS BISON INVESTMENTS, LLC**

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## **BROCHURE**

### **PART 2A**

**March 18, 2015**

<b>ITEM 1: COVER PAGE</b>
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This brochure provides information about the qualifications and business practices of Abrams Bison Investments, LLC. If you have any questions about the contents of this brochure, please contact us at 301-657-5925. 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.

Abrams Bison Investments, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Abrams Bison Investments, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 2: MATERIAL CHANGES**

The following summary discloses material changes made by Abrams Bison Investments, LLC (“Abrams Bison”) to this brochure since Abrams Bison’s Form ADV Part 2A filed on March 19, 2014: Abrams Bison has made changes to this brochure to reflect general updates.

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#### ITEM 4: ADVISORY BUSINESS

**A. General Description of Advisory Firm** - Abrams Bison is a Delaware, U.S.A. limited liability company, organized in December 1999 that commenced operations in April 2000. Abrams Bison has been registered as an investment adviser with SEC since January 2006. Gavin Abrams is the sole managing member and Portfolio Manager of Abrams Bison.

**B. Description of Advisory Services** - Abrams Bison provides advisory services on a discretionary basis to its clients, which are private pooled investment vehicles ("Funds") intended for sophisticated investors and institutional investors.

**C. Availability of Tailored Services for Individual Clients** - Because Abrams Bison provides advisory services to the Funds which are commingled investment vehicles, Abrams Bison does not generally tailor its advisory services to the individual needs of clients. Accordingly, Abrams Bison does not manage portfolios for clients that seek to impose restrictions on investing in certain securities which Abrams Bison believes may form part of its investable universe.

**D. Wrap Fee Programs** - Abrams Bison does not participate in wrap fee programs.

**E. Client Assets Under Management** - As of December 31, 2014, Abrams Bison managed the following client assets:

Non-Discretionary Client Assets:	US\$	0
Discretionary Client Assets:	US\$	2,577,183,000
Total Assets under Management:	US\$	2,577,183,000

#### ITEM 5: FEES AND COMPENSATION

**A. Advisory Fees and Compensation** - The Funds pay Abrams Bison a quarterly management fee in advance in an amount equal to 0.225% (i.e., 0.9% per annum) of the net assets of the Funds, plus an annual reallocation to Abrams Bison of 20% of the net profits (including net unrealized gains) as of the end of a fiscal year (after deducting all expenses) allocated to an investor, subject to a loss carryforward provision and a 7% annualized soft hurdle.

Abrams Bison has waived fees for Fund investors that are principals, employees, and certain of their family members and their trusts or family partnerships.

**B. Payment of Fees** - For the Funds, fees and allocations charged are deducted from the Funds' assets. Management fees are paid quarterly in advance. Performance fees and allocations are calculated and payable or allocable annually.

**C. Other Fees and Expenses** - The management fee and all investment expenses, such as commissions, interest on margin accounts and other indebtedness, borrowing charges on

securities sold short, custodial fees and any other expenses reasonably related to the purchase, sale or transmittal of the Fund's assets will be borne by the Fund. While Abrams Bison currently does not anticipate doing so, it reserves the right to charge all other expenses to the Fund including auditing, legal and research expenses. Client assets may be invested in money market mutual funds, ETFs or other registered investment companies. In these cases, the client will bear its pro rata share of the investment management fee and other fees of the fund, which are in addition to the management fee paid to Abrams Bison.

**D. Prepayment of Fees** - As noted in Item 5(B) above, the management fee charged to the Funds is paid quarterly in advance. The management fee is prorated for any period that is less than a full quarter and refunded upon withdrawal from a Fund prior to the quarter-end.

**E. Additional Compensation and Conflicts of Interest** - Neither Abrams Bison nor any of its supervised persons accept any form of compensation for the sale of securities or other investment products.

#### ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Funds are structured as a master-feeder. As such, Abrams Bison provides investment management services to one trading vehicle since all the investable assets are held and managed at the master fund level. As stated above, Abrams Bison receives performance-based compensation from the Funds.

#### ITEM 7: TYPES OF CLIENTS

Abrams Bison clients consist of private funds.

With respect to each Fund, any initial investment minimums are disclosed in the offering documents for the Fund.

#### ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

**A. Methods of Analysis and Investment Strategies** - Abrams Bison generally focuses on long-term equity and risk arbitrage investment. Abrams Bison specializes in seeking out concentrated investments in publicly traded companies where the Portfolio Manager believes the market price of a business is significantly below its present value. The investment strategy does not place any restriction on Abrams Bison's ability to invest any portion of its clients' accounts assets in a single industry, sector, market capitalization or geographic area. In analyzing securities for investment, Abrams Bison focuses on research and valuations.

**This investment strategy and method of operation involves the risk of loss to clients and clients should be prepared to bear the loss of their entire investment.**

**B. Material Risks Related to Investment Strategies:**

**Market Risks.** The profitability of a significant portion of Abrams Bison's investment program depends to a great extent upon correctly assessing the future course of price movements of specific securities. There can be no assurance that Abrams Bison will be able to predict accurately these price movements.

**Hedging.** There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while Abrams Bison may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for Abrams Bison's investment portfolios than if Abrams Bison did not engage in any such hedging transactions.

**Issuer-Specific Changes.** Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

**Leverage.** Performance may be more volatile if a client's account employs leverage.

**Short Selling Risk.** Abrams Bison's investment program may include short selling. Short selling transactions expose Abrams Bison to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by Abrams Bison in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein Abrams Bison might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

**Derivatives.** Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or Abrams Bison. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

**Equity Securities.** The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react

differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

**Risk Arbitrage Securities.** A merger, other restructuring, tender, or exchange offer proposed at the time Abrams Bison invests in risk arbitrage securities may not be completed on the terms or within the time frame contemplated, resulting in losses.

**Lack of Diversification.** The client's portfolio will not be diversified among geographic areas or types of securities. Further, the portfolio may not be diversified among a wide range of issuers. Accordingly, the investment portfolio may be subject to more rapid change in value than would be the case if Abrams Bison were required to maintain a wide diversification among investment areas, types of securities and issuers.

**C. Risks Associated With Types of Securities that are Primarily Recommended – See Item 8.B. above.**

#### ITEM 9: DISCIPLINARY INFORMATION

As of the date hereof, there has been no material litigation or investigation involving the firm or its management persons.

#### ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

**A.** Abrams Bison is not registered as a broker-dealer.

**B.** Abrams Bison is not registered as a commodity pool operator or a commodity trading adviser.

**C. Material Relationships or Arrangements with Industry Participants** - Abrams Bison does not have material relationships or arrangements with any related persons that are financial industry participants.

**D.** Abrams Bison does not recommend or select other investment advisers for its clients.

#### ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

**A. Code of Ethics** - Abrams Bison has adopted a Code of Ethics (the "Code") that sets out its policies in respect of personal securities transactions, gifts & business entertainment and outside affiliations & political and governmental activities of its employees and access persons. The

Code obligates Abrams Bison and its employees to put the interests of Abrams Bison's clients before its own interests and to act honestly and in good faith in all respects in its dealings with clients. All of Abrams Bison's personnel are also required to comply with applicable federal securities laws.

Abrams Bison, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which Abrams Bison has invested or seeks to invest on behalf of clients. Abrams Bison is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. Abrams Bison maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Abrams Bison is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, Abrams Bison may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but Abrams Bison will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, Abrams Bison will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that Abrams Bison possesses such information), or not using such information for the client's benefit, as a result of following Abrams Bison's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Sandy Missmar (Chief Compliance Officer) by email at [smissmar@abramsbison.com](mailto:smissmar@abramsbison.com) or by telephone at 301-657-5925.

**B. Client Transactions in Securities where Adviser has Material Financial Interest** –Abrams Bison acts as general partner to a partnership in which Abrams Bison solicits client investments. This practice creates a conflict of interest because Abrams Bison has an incentive to recommend partnership interests to clients based on its own financial interests, rather than solely the interests of a client. Except for the "master fund", which acts as the investing entity for its "feeder fund", Abrams Bison does not act as investment manager in a Fund in which other Funds are solicited to invest. In the case of the master-feeder, Abrams Bison waives its fees at either the feeder or master level to prevent charging investors duplicative fees.

Neither Abrams Bison nor any of its related persons buy or sell securities to or from the Funds as principal (a "principal transaction"). In the event such transactions would be contemplated by Abrams Bison, Abrams Bison will only complete such a transaction in accordance with the requirements of Section 206(3) of the Advisers Act.

Remuneration and bonus arrangements for all employees of Abrams Bison are carefully considered to ensure that conflicts do not inadvertently arise through targets that inappropriately incentivise staff to behave in a manner that disadvantages the interests of a client in favor of Abrams Bison or of other clients. Bonuses are calculated according to the general performance of Abrams Bison and are not linked directly to the performance of a particular client.



**C. Investing in Securities Recommended to Clients** – Abrams Bison has no proprietary trading accounts and therefore would not invest in the same (or related) securities that the Funds are invested in.

The employees of Abrams Bison or its related persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that Abrams Bison or a related person recommends to clients. Such practices present a conflict where, because of the information an employee has, the employee is in a position to trade in a manner that could adversely affect clients (e.g., place his or her own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the employee's objectivity, these practices by the employee may also harm clients by adversely affecting the price at which the clients' trades are executed. Abrams Bison has adopted the following procedures designed to resolve such conflicts:

All transactions in "covered securities" require pre-clearance by the Chief Compliance Officer. The term "covered securities" is specifically defined in the Code of Ethics and generally includes all debt and equity securities, as well as options, futures and commodities, with certain limited exceptions pursuant to SEC rules and regulations.

In addition, pursuant to the Code of Ethics, employees are prohibited from owning for their own personal accounts, securities of any issuer listed on the Abrams Bison's restricted list.

The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of Abrams Bison will not interfere with making decisions in the best interest of advisory clients. Employee trading is monitored every month to ensure compliance with the Code of Ethics.

**D.** Abrams Bison does not recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that Abrams Bison or a related person buys or sells the same securities for its own account.

## ITEM 12: BROKERAGE POLICIES

### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

Abrams Bison possesses the discretion to determine the broker or dealer to be used for each securities transaction for each client account. In selecting brokers or dealers to execute transactions (or series of transactions), Abrams Bison considers a number of factors to determine the reasonableness of the broker-dealer's compensation. Such factors include price, ability to effect the transactions, the brokers' or dealers' facilities, reliability and financial responsibility, special execution capabilities, block trading capabilities, willingness to execute related or unrelated difficult transactions in the future, quotation services, custody, recordkeeping and similar services, and any research or investment management-related services provided by such brokers or dealers; however, Abrams Bison need not solicit competitive bids from broker-dealers and does not have an obligation to seek the lowest

available commission cost. Where it utilizes full-service brokers, it is not Abrams Bison's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. Selected employees of Abrams Bison meet periodically to evaluate the broker-dealers used by Abrams Bison to execute client trades using the foregoing factors.

**1. Research and Other Soft Dollar Benefits** - Abrams Bison receives research from certain broker-dealers in connection with client securities transactions. This is known as a "soft dollar" relationship. Abrams Bison limits the use of "soft dollars" to obtain research and brokerage services as permitted under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

When Abrams Bison uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Chief Compliance Officer periodically reviews and evaluate its soft dollar practices to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or Abrams Bison's overall responsibilities to the accounts or portfolios over which Abrams Bison exercises investment discretion.

During the last fiscal year, as a result of client brokerage commissions (or markups or mark downs), Abrams Bison and/or its related persons acquired research products.

As disclosed above, Abrams Bison may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients. The use of client commissions (or markups or markdowns) to obtain research and brokerage products and

services raises conflicts of interest. For example, Abrams Bison will not have to pay for the products and services itself. This creates an incentive for Abrams Bison to select a broker-dealer based on its interest in receiving those products and services.

In order to manage the conflicts of interest inherent in its brokerage practices, Abrams Bison has adopted the following policies:

- (i) Abrams Bison limits the use of “soft dollars” under client commission arrangements to those products and services that are permitted under the safe harbor of Section 28(e); and
- (ii) Abrams Bison’s brokerage policies are disclosed to clients in writing prior to the provision of Abrams Bison’s services, generally as part of the investment management agreement or the applicable offering memorandum.
- (iii) Abrams Bison has implemented and maintains policies and procedures designed to obtain “best execution” and govern the use of soft dollars.

**2. Brokerage for Client Referrals** - In selecting or recommending broker-dealers, Abrams Bison may consider whether it receives client referrals from a broker-dealer or third party. Abrams Bison may have an incentive to select or recommend a broker-dealer based on its interests to receive client referrals rather than on the client’s interests to receive most favorable execution. To address this conflict of interest, Abrams Bison only executes client trades through broker-dealers that refer clients to it only if it is determined by the Chief Compliance Officer that using such broker-dealers for client trades is otherwise consistent with seeking best execution.

From time to time Abrams Bison may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by Abrams Bison or recommend these private funds as an investment to clients. Abrams Bison may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if Abrams Bison determines that it is otherwise consistent with seeking best execution. In no event will Abrams Bison select a broker-dealer as a means of remuneration for recommending Abrams Bison or any other product managed by Abrams Bison (or an affiliate) or affording Abrams Bison with the opportunity to participate in capital introduction programs.

**3. Directed Brokerage** - Abrams Bison does not have directed brokerage arrangements with clients.

**B. Order Aggregation** - Abrams Bison advises one trading vehicle (the master fund), as a result this item does not apply.

#### ITEM 13: REVIEW OF ACCOUNTS

**A. Frequency and Nature of Review** – Each client account is generally reviewed daily by Gavin Abrams, the Portfolio Manager, in light of trading activity, significant corporate developments and other activities which may dictate a change in portfolio positions. The Clients' accounts are

reviewed periodically from the standpoint of the specific investment objective of the Funds and as particular situations may dictate.

**B. Factor Prompting a Non-Periodic Review of Accounts** – Significant market events affecting the prices of one or more securities in client accounts may trigger reviews of client accounts on other than a periodic basis.

**C. Content and Frequency of Regular Account Reports** - Investors in the Funds managed by Abrams Bison receive reports pursuant to the terms of each fund’s offering documents. These reports generally include a quarterly performance report and statements of account, annual audited financial statements within 120 days after the financial year end, and annual tax reports.

#### ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

**A. Economic Benefits Received from Non-Clients for Providing Services to Clients** - As discussed in **Item 12 – Brokerage Practices**, Abrams Bison receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for Abrams Bison to select or recommend broker-dealers based on Abrams Bison’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by Abrams Bison on behalf of its clients. Please see **Item 12 – Brokerage Practices** for further information on Abrams Bison’s “soft-dollar” practices, including Abrams Bison’s procedures for addressing conflicts of interest that arise from such practices.

Abrams Bison does not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to Abrams Bison’s clients, other than from broker-dealers in the form of soft dollars as described above.

**B. Compensation to Non-Supervised Persons for Client Referrals** – Other than as described in Item 12 above, Abrams Bison does not currently directly or indirectly compensate any person who is not its supervised person for client referrals.

#### ITEM 15: CUSTODY

Abrams Bison is deemed to have custody of client assets due to serving as the general partner to a limited partnership and intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

#### ITEM 16: INVESTMENT DISCRETION

Abrams Bison provides investment advisory services on a discretionary basis to clients. Please see **Item 4 – Advisory Business** for a description of certain limitations clients may place on Abrams Bison’s discretionary authority.

Prior to assuming full discretion in managing a client’s assets, Abrams Bison enters into an investment management agreement or other agreement that sets forth the scope of its discretion.

Abrams Bison has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account.

If it appears that a trade error has occurred, Abrams Bison will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, Abrams Bison's error correction procedure is to ensure that clients are treated fairly. Abrams Bison has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of Abrams Bison’s gross negligence, willful misconduct, or fraud, the trade error will be corrected by Abrams Bison as soon as practicable, in a manner such that the client incurs no loss.

#### ITEM 17: VOTING CLIENT SECURITIES

**A. Policies and Procedures Relating to Authority to Vote Client Securities** – To the extent Abrams Bison has been delegated proxy voting authority on behalf of its clients, Abrams Bison complies with its Proxy Voting Policies and Procedures (the “Procedures”) that are designed to ensure that Abrams Bison votes proxies with respect to client securities in the best interests of its clients. The Procedures also require that Abrams Bison identify any conflicts of interest between Abrams Bison and its clients. If a material conflict exists, Abrams Bison will determine whether voting in accordance with the voting guidelines and factors described in the Procedures is in the best interests of the client or take some other appropriate action.

In voting proxies, Abrams Bison generally votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated). For all other proposals, Abrams Bison will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and Abrams Bison’s opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Because Abrams Bison provides investment advice to commingled investment entities, individual investors in the Funds will not be able to direct Abrams Bison on how to cast a proxy vote.

Clients may obtain a copy of the Abrams Bison's Procedures and information about how Abrams Bison voted a client's proxies by contacting Sandy Missmar (Chief Compliance Officer) by email at [smissmar@abramsbison.com](mailto:smissmar@abramsbison.com) or by telephone at 301-657-5925.

**B.** Currently, Abrams Bison has been delegated authority to vote all Client securities.

<b>ITEM 18: FINANCIAL INFORMATION</b>
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This Item is not applicable.