

Item 1. Cover Page

ABACUS INVESTMENTS LLC

2207 2nd Avenue North
Birmingham, Alabama 35203

Telephone: (205) 661-8189

**Part 2A of Form ADV
(The “Brochure”)**

March 27, 2024

This Brochure provides information about the qualifications and business practices of Abacus Investments LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact Christopher Devine, Member, at (205) 661-8189 or cdevine@abacusinvestments.com, or Nathan Hertzog, Chief Compliance Officer, at (423) 840-7944 or nhertzog@abacusinvestments.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Since the initial Brochure, the Adviser does not have any material changes to report. The Adviser updated the approximate amount of regulatory assets under management

Our current and future investors are encouraged to read this Brochure, as well as all of the governing documents applicable to their current and prospective investments, in their entirety. To receive an additional current copy of this Brochure free of charge, please contact Nathan Hertzog, Chief Compliance Officer, at (423) 840-7944.

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Item 4. Advisory Business

The Adviser is a Birmingham, Alabama-based private equity management firm that, together with its affiliates, provides investment advisory services to pooled investment vehicles which are exempt from registration under the Investment Company Act of 1940, as amended, which include Abacus Fund I, LLC (the “Fund”, and a “Client”). The Adviser has been in business since 2019 and its owners are Clayton Mobley, Robert Todd Ayers, Robert Israel, Dan Nguyen, Chris Devine, William Henry Nabors, Gary Moses and Anthony Hazen.

The Adviser provides advisory services with respect to equity investments in private companies. Interests in the Fund generally are privately offered to qualified investors in the United States. The Fund makes direct equity investments into small and medium-sized companies that demonstrate a potential for longevity and growth. The Adviser’s investment advisory services consist of identifying and evaluating investment opportunities and negotiating the terms of purchase and sale of investments as well as providing day-to-day managerial support services. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, the senior principals of the Adviser or other individuals chosen by the Adviser may serve on portfolio companies’ respective boards of managers or otherwise act to influence control over management of portfolio companies held by the Fund.

The Adviser tailors its advisory services to the individual needs of each of its Clients (not the individual investors of the Clients) based on the specific characteristics of such Client, including but not limited to: the stage in the investment period of each Client, and any other restrictions set forth in the private placement memorandum, limited liability company agreement, limited partnership agreement, investment advisory agreement and other governing documents of the Fund (collectively, “Governing Documents”).

The Adviser does not participate in wrap fee programs.

As of March 27, 2024, the Adviser had approximately \$112,183,590 in regulatory assets under management, all of which were managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser does not charge an asset-based fee but may charge fees or expenses to the portfolio companies of the Fund as payments for services rendered by the Adviser. These fees and expenses include, but are not limited to, monitoring fees, transaction fees, and other consulting or advisory fees. In addition, the Adviser may charge the Fund and portfolio companies of the Fund for reimbursement of such Fund or portfolio company expenses borne by the Adviser, such as but not limited to organizational expenses, partnership expenses, or general operational expenses.

The Fund’s manager earns a performance-based compensation (“Carried Interest”) based on the profits of the Fund that is deducted from the investment proceeds of the members. The manager receives Carried Interest of 25% of the profits of the Fund. The Fund’s Governing Documents include further detail concerning the Carried Interest calculation. While not generally negotiable, the manager of the Fund may, in its sole discretion, waive or reduce the amount of Carried Interest for a member in the Fund, particularly with regard to employees of the Adviser and their family members. Given that the manager’s carried interest allocations are based on the performance of the Fund, the structure may incentivize the manager to make investments that may be more speculative than would be the case in the absence of such distributions. This incentive is mitigated, however, because any losses the Fund sustains will reduce the manager’s Carried Interest distribution.

Additionally, the incentive is further mitigated by the fact that the Adviser's ability to attract future investors is tied to the performance of its investments. These performance fee arrangements have been structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940 in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

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

As described in Item 5 above, the Adviser generally receives performance compensation from the Fund based on 25% of the capital gains of the Fund. The Fund does not pay an asset-based fee, but the Adviser may charge portfolio companies of the Fund as payments for services rendered by the Adviser. Given that the Adviser currently advises a single Fund with a single fee structure, neither the Adviser nor its supervised persons face conflicts of interest that may arise due to differing fee structures charged to different Clients.

Item 7. Types of Clients

As described in Item 4, the Adviser's Client is a pooled investment vehicle.

The Fund limits its investors to persons who are "accredited investors" as defined in the Securities Act of 1933. The minimum contribution for members in the Fund was \$1,000,000, but commitments less than \$1,000,000 were also accepted at the discretion of the Fund's manager.

Investors in the Fund include a range of U.S.-based investors, including, among others, individuals, trusts and family offices. In addition, employees and other persons associated with the Adviser and/or its affiliates are investors in the Fund.

Opportunities to invest in a portfolio company may be made available to any person or entity, including without limitation, strategic investors, lenders, deal sources, other private equity firms, members of the Fund, other persons or entities affiliated, associated or otherwise known to the Adviser or its personnel and unrelated third parties. These may arise whenever the Adviser has the opportunity for an investment in an existing or prospective portfolio company and the Adviser determines that all or a portion of the applicable opportunity is not required to be offered to, or is not appropriate for, the Fund. Such determinations are based on the provisions of the Fund's Governing Documents and other factors as the Adviser may consider in its sole discretion, including those that may be specified from time to time in its policies on investment allocation.

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

The Adviser's methods and strategies center on sourcing and investing in small-cap companies with EBITDA generally between \$2 and \$12 million. The Adviser seeks businesses with proven and high-character management teams, differentiated products and services and steady and predictable cash flow. The Adviser focuses on industries including business services, healthcare services, contracting services and manufacturing/distribution with a particular emphasis on healthcare services. Most ideal target companies are founder-led by an executive with a strategic vision for growth and a desire to partner with a capital provider to execute and enhance that growth strategy.

The Adviser believes that the small-cap private equity market is significantly less efficient and competitive than the traditional middle- and large-cap markets. Furthermore, these businesses are often underachieving due to lack of management or expertise in operational efficiencies. The Adviser seeks potential targets from this deep pool of small-cap businesses, which often offer large growth potential at reasonable valuations.

The Adviser only recommends investments in equity or equity-like securities, which results in the investments having a high degree of risk including but not limited to a complete loss of investment. Further, the Adviser recommends a majority of investments in the healthcare industry, which results in a

concentrated portfolio which may suffer negatively if there are pressures on the broader healthcare industry.

Risk Factors

An investment in the Fund entails substantial risks, including, but not limited to, the possibility of a complete loss of the amount invested. There can be no assurance that the Fund's investment objective will be achieved or that there will be any return of capital, and investment results may vary substantially on a monthly, quarterly, or annual basis. There can also be no assurance that a portfolio company will achieve the Fund's investment objective. Current and prospective investors should carefully consider the following factors, among others not enumerated herein, in determining whether an investment in the Fund is suitable for them. Different or new risks not addressed below may arise in the future and, therefore, the following list is not intended to be exhaustive. There are many market-related and other factors, some of which cannot be anticipated, that could result in an investor losing a major portion or all of its investment in the Fund or co-investment or prevent the Fund from generating profits. Any of these factors could make the Fund unable to execute its investment strategy.

An investor should only invest in the Fund if they are fully able, financially and otherwise, to bear such loss, and if the investor has the background and experience to thoroughly understand the risks of its investment. The Fund is a potentially suitable investment only for sophisticated investors for whom (i) an investment does not represent a complete investment program and (ii) in consultation with their own investment and tax advisors, fully understand and are capable of assuming the risks of an investment in the Fund.

The Fund and its members bear the risk of loss that the Adviser's investment strategy entails. Although the following risk factors generally apply to the Fund, investors should also refer to the Fund's Governing Documents for a description of the risk factors specific to their Fund. The risks involved with the Adviser's investment strategy and an investment in the Fund include, but are not limited to, the following:

- Liquidity of Investments. An investment in the Fund requires a long-term commitment with no certainty of return. The Fund enters deals that are highly speculative and privately negotiated, rendering an investment in the Fund difficult to value and difficult for disposition. An investment in the Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund may exceed income, thereby requiring that the difference be paid from such Fund's capital.
- Healthcare Companies. Healthcare companies are generally subject to greater governmental regulation than other industries. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. Expansion of facilities by healthcare providers may be subject to "determinations of need" by the appropriate government authorities. This process increases the time and cost involved in these expansions, and also in those cases makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare facilities operators and negatively affecting the price of their securities. Finally, because the products and services of healthcare companies affect the health and well-being of many individuals, these companies are especially susceptible to liability lawsuits. The value of a healthcare company can drop dramatically not only as a reaction to an adverse judicial ruling, but also from the adverse publicity accompanying threatened litigation.
- Character of the Investment. Most of the Fund's target companies are small and medium-sized businesses, which may operate at a loss, require subsequent additional capital, or experience

financial distress. While such investments could provide great gains, there is also risk for substantial losses.

- Business Risks. The Fund's investment portfolio consists primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.
- Future and Past Performance. The performance of the Fund and members of the Adviser's team's prior investments is not necessarily indicative of the Fund's future results. While the Adviser intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.
- Concentration of Investments. The Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the investment portfolio of the Fund could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return.
- Lack of Sufficient Investment Opportunities. It is possible that the Fund may never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty.
- Limited Transferability of Fund Interests. There will be no public market for the Fund's interests, and none is expected to develop. There are substantial restrictions upon the transferability of the Fund interests under the Fund's partnership agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.
- Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Fund's investments, and, hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in kind to partners.
- Ability to Exit Investments Successfully. The ability of the Fund to achieve successful and profitable exits of its portfolio investments may be affected by a number of factors prevailing at the time, including general economic conditions, interest rates, availability of capital, interest levels of strategic and financial buyers and cyclical trends. It is difficult to predict with any certainty whether there will be a ready and willing market of buyers for any particular portfolio company at the time the Fund seeks a realization.
- Cybersecurity Risk. The Fund, its portfolio companies, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Fund and its portfolio companies, despite the efforts of service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of its computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its portfolio companies. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to the systems of the Fund, their portfolio companies, their service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of such systems to disclose sensitive information to gain access to the confidential data. A successful penetration or circumvention of the security of such systems could result in the loss or theft of data

or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Fund or its portfolio companies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

- Catastrophic Events. The Fund may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Fund participates (or has a material effect on locations in which the Adviser operates) the risks of loss can be substantial and could have a material adverse effect on the Fund and the investments therein.

For information regarding the types of securities and portfolio companies in which the Fund invests, please see Item 4 and Item 8, above.

Item 9. Disciplinary Information

Neither the Adviser nor any Adviser management person has been involved in any legal or disciplinary action that would affect a client's or prospective client's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

Abacus General Partners, LLC

Abacus General Partners, LLC is the general partner of the Fund. Abacus General Partners, LLC is under the same common ownership and control as the Adviser.

Green Rock Management, LLC

Green Rock Management, LLC is under the same common ownership and control as the Adviser. Green Rock Management, LLC is a land and real estate development company.

Green Rock, LLC

Green Rock Management, LLC is under the same common ownership and control as the Adviser. Green Rock Management, LLC is a land and real estate development company.

Novu Residential Group, LLC

Novu Residential Group, LLC is under the same common ownership and control as the Adviser. Novu Residential Group, LLC is a real estate development company focusing on sourcing, developing and managing residential communities across the sunbelt of the United States.

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

Code of Ethics

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its related persons to

put the interests of the Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. For additional information about the Code or to request a copy, please contact the Adviser's Chief Compliance Officer, Nathan Hertzog, at (423) 840-7944 or nhertzog@abacusinvestments.com. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by related persons.

The Code contains a securities trading policy, which sets forth standards of conduct that are expected of supervised persons, as well as addresses conflicts that may arise from personal trading. The Code covers standards of business conduct, prohibited business practices, personal trading requirements, reporting of personal securities transactions, insider trading, restrictions on accepting and giving significant gifts, and reporting of certain gifts and business entertainment items, among other things.

The Code includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated. Supervised persons are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding these securities or communicating material non-public information to others. A restricted list is maintained regarding issuers about which the Adviser has material non-public information. Pre-clearance is required for certain personal securities transactions, including initial public offerings and certain limited offerings. In addition, supervised persons are required to submit quarterly reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest.

The Adviser does not expect there to be any instances of employees having access to material non-public ("insider") information. Nonetheless, the Adviser's Code requires personnel to report their personal securities transactions and comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information. Nonetheless, the Adviser, in the course of its investment management and other activities, may come into possession of confidential or material non-public information about issuers of securities, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of a Client. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, including the Clients. The Adviser maintains written policies and procedures reasonably designed to prohibit the communication of such information to persons who do not have a legitimate need to know such information and to otherwise ensure that the Adviser is acting in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security. The Adviser and its personnel are prohibited from communicating such information with respect to the Clients or using such information for the Clients benefit.

Participation or Interest in Client Transactions

Supervised persons of the Adviser and its affiliates may directly or indirectly own an interest in the Fund. Except for the Fund's investment in the Anchor Company as defined and discussed in the following paragraph, it is the Adviser's policy that it will not effect any principal or agency cross securities transactions for Client accounts. The Adviser will also not cause Clients to enter into securities trades with each other without the appropriate limited partner advisory committee or Client consent. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated Fund and another Client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Neither of these circumstances applies to the Adviser at this time.

The Adviser formed a healthcare services management company (the “Anchor Company”) in 2020 through a series of acquisitions executed from 2020 through 2022 prior to the Fund’s initial investment in the Anchor Company in November 2022. The Fund’s offering documents describe the Anchor Company’s business, the Fund’s proposed investment in the Anchor Company, and the Adviser’s interest in the Anchor Company separate from the Fund’s interest. The Anchor Company engaged a third-party independent valuation firm, which conducted a valuation of the Anchor Company, including its equity securities. The Anchor Company’s board of directors and the Adviser each adopted the independent valuation firm’s valuation. The Fund then made an initial purchase, and has continued to make subsequent purchases, of equity securities of the Anchor Company at a purchase price discounted from the independent valuation firm’s valuation through a combination of (i) the purchase of certain new-issued equity securities of the Anchor Company and (ii) a contribution by the Adviser to the Fund of a portion of the Adviser’s equity securities of the Anchor Company in exchange for equity securities of the Fund, in each case as approved by an advisory committee comprised of members of the Fund independent from the Adviser.

The Code requires supervised persons to place the interests of Clients first, and on an annual basis each supervised person must certify that he or she has read and understands the Code and has complied with its provisions.

If any matter arises that the Adviser determines in its good faith constitutes an actual conflict of interest, the Adviser may take such actions as may be necessary or appropriate within the context of the Governing Documents to address the conflict. The offering documents for the Fund detail a complete description of what the Adviser believes to be the most significant conflicts of interest associated with an investment in the Fund. Investors should carefully consider the conflicts of interest herein as well as those outlined in the Adviser’s offering documents prior to investing in the Fund.

Supervised persons may serve on the boards of Fund portfolio companies. Serving in such capacity may give rise to conflicts to the extent that a supervised person’s fiduciary duties to a portfolio company may conflict with the interests of the Fund in general; however, as the Fund will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. The Adviser may also appoint persons that are not supervised persons to portfolio company boards; any such fees are paid by the relevant portfolio company and not by the Adviser or the Fund.

The Fund’s investors may have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring of the acquisition of portfolio companies and the timing of the disposition of investments. Such structuring of portfolio companies may result in different after-tax returns being realized by different investors. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser that may be more beneficial for one investor than another investor, especially with respect to investors’ individual tax situations. The Adviser considers the investment and tax objectives of the Fund as a whole, and not the individual investment, tax or other objectives of any particular investor.

From time to time, the Adviser may be presented with investment opportunities that would be suitable for the Fund. In determining which investment vehicles should participate in such investment opportunities, the Adviser and its affiliates are subject to conflicts of interest among the investors. The Adviser attempts to resolve these conflicts of interest in light of its obligations to investors and attempts to allocate investment opportunities among investors in a fair and equitable manner as described under Item 7 and in the Adviser’s policies on investment allocation and co-investments.

Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by such company’s management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based

upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

There is not expected to be an actively traded market for most of the securities owned by the Fund. When estimating fair value, the general partners will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The Adviser has established a valuation policy which it will follow when performing portfolio company valuations. The Adviser does not intend to retain the services of a third-party valuation consultant to assist in performing portfolio company valuations. There is a risk in that the Adviser's valuations of are performed internally by its own team and are not reviewed by an independent third party. The exercise of discretion in valuation by the Adviser may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

Personal Trading

Principals and employees of the Adviser may carry on investment activities for their own account and for family members, friends, or others who do not invest in the Fund, and may give advice and recommend securities to vehicles, which may differ from advice given to, or securities recommended or bought for, the Fund, even though their investment objectives may be the same or similar. The Adviser's employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding these securities or communicating material non-public information to others. Personal securities transactions by employees who manage Client accounts are required to be conducted in a manner that prioritizes the Client's interests in Client eligible investments.

Item 12. Brokerage Practices

There are no brokerage practices to disclose.

Item 13. Review of Accounts

The managers of the Adviser and other members of the Adviser's investment team regularly review and monitor each Client's portfolio to determine whether positions should be maintained in view of current market conditions. The Adviser's review may consider specific securities held, adherence to investment guidelines and the Client's performance.

The Adviser's principals review the accounts of the Fund on a regular basis and periodically check to confirm that the Fund is maintained in accordance with its stated business objectives. The Adviser performs additional reviews in the event that a portfolio company needs subsequent financing, in the event of a potential acquisition or liquidity event, or if there were a serious performance issue at a portfolio company. Investments made by Clients are private, illiquid, and long-term in nature. Members of the Adviser's investment team closely monitor the operations of its portfolio companies and maintain ongoing oversight. These reviews include, but are not limited to, review of: sales trends, margins, profitability, debt to equity ratios, material business developments, competitive landscape and management oversight.

The Fund generally will provide to its investors (i) audited financial statements annually within 120 days of year end; (ii) annual tax information necessary for each partner's U.S. tax returns; (iii) descriptive investment information for each portfolio company quarterly; and (iv) reports summarizing material affiliated

transactions. All reports are sent to investors in the Fund electronically unless otherwise directed by each investor. Upon request, certain investors may receive additional information and reporting that other investors may not receive.

Fund investors receive reports from the Fund as described in the Fund's Governing Documents, and certain investors may negotiate or request to receive reports from the Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) through the use of side letters or otherwise.

Item 14. Client Referrals and Other Compensation

The Adviser does not receive any monetary compensation or any other economic benefit from a non-Client for the Adviser's provision of investment advisory services to a Client.

Item 15. Custody

The Adviser will comply with the requirements of the Rule 206(4)-2 of the Advisers Act ("Custody Rule") with regards to custody of assets of the Clients. The Custody Rule imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). An investment adviser is deemed to have custody if it or its affiliate serves as a general partner to a limited partnership client of the Adviser.

The Adviser is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a "qualified custodian." Qualified custodians include banks, broker-dealers, FCMs and certain foreign financial institutions.

Rule 206(4)-2 generally imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients' funds or securities. Clients that receive account statements directly from a custodian should carefully review these account statements. However, the Adviser need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the client, or, in certain circumstances, all limited partners, members or other beneficial owners, within 120 days (180 days in the case of a fund of fund adviser) of its fiscal year end. The Adviser intends to rely upon this exception, and therefore will be exempt from the Rule 206(4)-2 reporting and examination requirements, with respect to the Fund.

The Fund's bank accounts are maintained at qualified custodians including banking institutions. All securities held by the Fund currently meet the privately offer securities exemption in the Custody Rule. Annually, upon completion of the Fund's year-end audit, the Adviser will distribute audited financial statements to investors in the Fund. The Adviser shall ensure that audited financial statements for the Fund are delivered to all investors within 120 days of the end of each fiscal year, in compliance with the Custody Rule.

Item 16. Investment Discretion

As described in Item 4 herein, the Adviser has discretionary authority to manage securities accounts on behalf of Clients as described in the Clients' Governing Documents. Please see Item 4 for a description of any limitations the Clients may place on the Adviser's discretionary authority. The Adviser entered into an investment management agreement with each of the Clients, which set forth the scope of the Adviser's

discretion, prior to assuming full discretion in managing the Clients' assets.

Although it is the Adviser's policy to allocate investment opportunities to an eligible Client on a pro rata basis (based on assets under management), these and other factors may lead the Adviser to allocate securities to the Clients in varying amounts.

Item 17. Voting Client Securities

By virtue of the Fund Governing Documents, the Adviser has the authority to vote the Fund's securities on behalf of the Fund. The Adviser's security voting policy seeks to ensure that the Adviser votes the Fund's securities in the best interest of the Fund, including where there may be material conflicts of interest in voting such securities. The Adviser generally believes its interests, and those of its supervised persons, are aligned with those of the Fund's investors through the principals' beneficial ownership interests in the Fund, and therefore will not seek investor approval or direction when voting the Fund's securities. In the event that there is or may be a conflict of interest in voting the Fund's securities, the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory committee on the proposed Fund security vote, or through other alternatives set forth in the Adviser's Client security voting policy.

The Adviser does not consider service on portfolio company boards by Adviser personnel or the Advisers' receipt of nominal board fees to create a material conflict of interest in voting Fund securities with respect to such companies.

The Adviser will provide a copy of its Client security voting policy to any existing or prospective investor upon request to Nathan Hertzog, at (423) 840-7944 or nhertzog@abacusinvestments.com. Clients may also obtain information from the Adviser, free of charge, about how the Adviser voted any previous Client securities, if any.

Item 18. Financial Information

The Adviser does not require or solicit the payment of fees six months or more in advance. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients nor has it been the subject of a bankruptcy proceeding.