

# Abacus Wealth Partners, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Abacus Wealth Partners, LLC (hereinafter “Abacus” “we”, “us” or “our”). If you have any questions about the contents of this brochure, please contact Jessica Lu at (310) 566-1888. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Abacus Wealth Partners, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Abacus Wealth Partners, LLC is registered investment adviser. Registration does not imply any level of skill or training.

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## Item 2. Material Changes

This Item discusses only the material changes that have occurred since Abacus's last annual update March 8, 2023. Abacus encourages all clients to review the entire Firm Brochure.

## Item 3. Table of Contents

### Firm Brochure

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## Item 4. Advisory Business

### General Information

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Abacus began its operations in 2004 after the merger of Abacus Wealth Management, LLC (“AWM”) and Sherman Financial, Inc. (“SFI”). Since the merger, AWM and SFI have been the principal owners of Abacus, with each holding a 27.3% and 26.7% stake, respectively. SFI is solely owned by Spencer Sherman and AWM is solely owned by Brenton Kessel.

Abacus is an investment adviser that specializes in financial planning, which we define as the long-term process of wisely managing your finances so you can achieve your goals and dreams, while at the same time negotiating the financial barriers that inevitably arise in every stage of life. Abacus provides financial planning, consulting, and investment management services. Prior to engaging the firm to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Abacus setting forth the terms and conditions under which Abacus renders its services (collectively the “Agreement”).

Abacus provides discretionary and non-discretionary investment advisory services on a *fee* basis as discussed at Item 5 below. Before engaging Abacus to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Abacus setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Abacus), Abacus may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client. To commence the investment advisory process, Abacus will ascertain each client’s investment objective(s) and then allocate the client’s assets consistent with the client’s designated investment objective(s). Once allocated, Abacus provides ongoing supervision of the account(s).

For individual retail (i.e., non-institutional) clients, Abacus’ annual investment advisory fee shall generally (exceptions can occur-***see below***) include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Abacus), Abacus may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

**Financial Planning And Consulting Services (Stand-Alone).** Abacus may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate

planning, insurance planning, etc.) on a stand-alone separate fee basis. Abacus offers financial planning on a project and ongoing basis. Prior to engaging Abacus to provide planning or consulting services, clients are required to enter into a consulting agreement with Abacus setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Abacus commencing services. If requested by the client, Abacus may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Abacus. If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e., attorney, accountant, insurance agent, etc.), and not Abacus, shall be responsible for the quality and competency of the services provided. It remains the client's responsibility to promptly notify Abacus if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Abacus's previous recommendations and/or services.

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Service.** To the extent requested by the client, Abacus will generally provide financial planning and related consulting services regarding matters such as tax and estate planning, insurance, etc. Abacus will generally provide such consulting services inclusive of its advisory fee set forth at Item 5 below (exceptions could occur based upon assets under management, extraordinary matters, special projects, stand-alone planning engagements, etc. for which Firm may charge a separate or additional fee). **Please Note:** Abacus believes that it is important for the client to address financial planning issues on an ongoing basis. Abacus's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with Abacus. **Please Also Note:** Abacus **does not** serve as an attorney or accountant, and no portion of our services should be construed as same. Accordingly, Abacus **does not** prepare legal documents or tax returns, nor does it offer or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e., attorneys, accountants, insurance, etc.). The client is not under any obligation to engage any such professional(s). The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Abacus and/or its representatives. If the client engages any professional (i.e., attorney, accountant, etc.), recommended or otherwise, and a dispute arises thereafter relative to such engagement, the engaged professional shall remain exclusively responsible for resolving any such dispute with the client. At all times, the engaged licensed professional(s) (i.e., attorney, accountant, insurance agent, etc.), and **not** Abacus, shall be responsible for the quality and competency of the services provided.

**Non-Discretionary Service Limitations.** Clients that determine to engage Abacus on a non-discretionary investment advisory basis must be willing to accept that Abacus cannot affect any

account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Abacus will be unable to affect any account transactions (as it would for its discretionary clients) without first obtaining the client's consent.

**Independent Managers.** Abacus may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Abacus will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Abacus generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, Abacus's ongoing investment advisory fee, which will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s).

**Use of Mutual and Exchange Traded Funds.** Most mutual funds and exchange traded funds are available directly to the public. Therefore, a prospective client can obtain many of the funds that may be utilized by Abacus independent of engaging Abacus as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Abacus's initial and ongoing investment advisory services. Clients could also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

**Pontera.** Abacus uses Pontera, a third-party platform, to facilitate the management of held away assets such as defined contribution plan participant accounts, with discretion. Those clients who choose to engage Abacus to service their held away accounts will be provided a link to connect their outside accounts to the platform. Once the client's account(s) is connected to the platform, Abacus will review the client's current account allocations. Abacus will rebalance the connected outside accounts consistent with the client's investment goals and risk tolerance. Client account(s) will be reviewed at least quarterly.

**eMoney Advisor Platform.** Abacus may provide its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney"). The eMoney platform allows a client to view their complete asset allocation, including those assets that Abacus does not manage (the "Excluded Assets"). Abacus does not provide investment management, monitoring, or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, Abacus's service relative to the Excluded Assets is limited to reporting only. Therefore, Abacus shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority

for the Excluded Assets, and not Abacus, shall be exclusively responsible for such investment performance. Without limiting the above, Abacus shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may choose to engage Abacus to manage some or all of the Excluded Assets pursuant to the terms and conditions of an advisory agreement between Abacus and the client. The eMoney platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Abacus. Finally, Abacus shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Abacus's assistance or oversight. Abacus has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Abacus will review client portfolios on an ongoing basis to determine if any changes are necessary based on portfolio activity.

**Socially Responsible Investing Limitations.** Socially Responsible Investing involves the incorporation of Environmental, Social and Governance ("ESG") considerations into the investment due diligence process. There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Our ESG investment objective is to identify securities that are attractive along a variety of dimensions including profitability, stability of earnings, earnings growth, valuation, and investor sentiment, carefully balancing risk and return considerations, while consciously minimizing unintended or undesirable ESG exposures and ensuring adherence to client's investment objectives and guidelines. Investors must accept these limitations, including potential for underperformance due to higher fees for additional services the fund is providing, including selecting underlying investments or strategies to build a portfolio, the use of which may cause the entire ESG portfolio to have higher costs associated with it. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Abacus), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful.

**Cash Positions.** Abacus continues to treat cash as an asset class. As such, unless determined to the contrary by Abacus, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Abacus's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Abacus may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Abacus's advisory fee could exceed the interest paid by the client's money market fund.

**Cybersecurity Risk.** The information technology systems and networks that Abacus and its third-party service providers use to provide services to Abacus's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Abacus's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Abacus are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Abacus has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Abacus does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Cash Sweep Accounts.** Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, Abacus shall generally purchase a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless Abacus reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

**Client Obligations.** In performing its services, Abacus shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Abacus if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Abacus's previous recommendations and/or services.

**Disclosure Statement.** A copy of Abacus's written Brochure and Client Relationship Summary, as set forth on Part 2 of Form ADV and Form CRS respectively, shall be provided to each client prior to the execution of any advisory agreement.

**Affiliated Private Investment Funds.** Abacus serves as general partner and investment manager of the Abacus Sustainable Fund, L.P. ("ASF") and general partner and co-investment manager of the Align Impact Fund, L.P. ("AIF"), formerly known as Abacus Impact Fund 2013, L.P. (collectively, the "Funds").



## Abacus Wealth Partners, LLC Firm Brochure

Align Impact, LLC, a SEC registered investment adviser, is a subadviser to both ASF and AIF. ASF, launched in 2008, and AIF are funds of funds that aim to bring accredited investors competitive returns alongside positive social change (see additional disclosures in Item 10 below). The Funds are currently closed to new Investors. The complete description of each Fund (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the respective Fund's offering documents.

Abacus is a minority investor in Align Impact. Abacus has an 8.3% voting interest and 7.53% economic interest in Align Impact.

Abacus, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the Fund. If a client determines to become a Fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Abacus calculating its investment advisory fee per Item 5 in addition to the Fund's fees. Abacus's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Conflict of Interest.** Because Abacus and/or its affiliates can earn compensation from the Fund (i.e., management fees, incentive compensation, etc.) that could generally exceed the fee that Abacus would earn under its standard asset-based fee schedule referenced in Item 5 below, the recommendation that a client become a Fund investor presents a **conflict of interest**. No client is under any obligation to become a Fund investor. Given the **conflict of interest**, Abacus advises that clients consider seeking advice from independent professionals (i.e., attorney, accountant, adviser, etc.) of their choosing prior to becoming a Fund investor. **No client is under absolutely any obligation to become a Fund investor. ANY QUESTIONS: Abacus's Chief Compliance Officer remains available to address any questions regarding this conflict of interest.**

As of December 31, 2023, Abacus had \$3,137,041,000 of assets under management, of which \$3,135,467,000 were managed on a discretionary basis and \$1,574,000 were managed on a non-discretionary basis.

This Firm Brochure describes Abacus's business. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Abacus's officers, partners, directors (or other

persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Abacus's behalf and is subject to Abacus's supervision or control.

### Financial Planning and Consulting Services

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As noted above, Abacus may provide its clients with a broad range of comprehensive financial planning and consulting services. These services include business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client. Financial Planning starts with goal setting, and depending on your goals, the following areas may be addressed:

#### Goal Setting

Goal setting begins with a Financial Checkup meeting, a one-to-two-hour meeting in which we learn about the goals that will be central to your financial plan. We then collect all the financial data that we need to analyze how much you should earn, spend and save to reach your most important goals.

#### Retirement Planning

Nearly all clients include retirement as one of their financial goals. A lifetime cash-flow projection is created to analyze when and under what other circumstances that retirement can be achieved. This includes projections of investment returns, taxes, types of retirement accounts, spending and income as well as values of assets and paying down of liabilities.

**Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Abacus recommends that a client roll over their retirement plan assets into an account to be managed by Abacus, such a recommendation creates a conflict of interest if Abacus will earn new (or increase its current) compensation as a result of the rollover. If Abacus provides a recommendation as to whether a client should engage in a rollover or not, Abacus is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by Abacus.

Abacus has policies and procedures that are designed to manage this conflict to ensure we provide advice that's in your best interest. As a fiduciary, when Abacus makes a rollover recommendation, no client is under any obligation to roll over Retirement Account assets to an account advised or managed by Abacus.

#### Estate Planning

In conjunction with your estate planning attorney, we help analyze and suggest the most appropriate estate planning techniques and tools. The analysis incorporates the income needs of dependents, philanthropic goals, business transition and trust management.

**Insurance** - We advise you on the proper amount and type of insurance for your needs by comparing lifetime and disability income needs to your assets. This advice can cover life, disability, property, automobile, earthquake, hurricane, long-term-care and umbrella liability insurance. We may direct you to no-load and low-load insurance products that may not be available through typical insurance agents. Abacus does not sell insurance, nor does it receive commissions for referrals to insurance brokers.

### **Philanthropic Giving**

Abacus provides advice regarding tax-appropriate vehicles to accomplish your philanthropic objectives, as well as determining which assets to use for funding such a vehicle.

**Other Planning Services** - Abacus provides advice regarding funding college accounts, real estate issues, business transition planning and family meeting coordination.

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

### **Investment Management Services**

Abacus primarily allocates clients' investment management assets among mutual funds, although it may also advise on other securities such as exchange-traded funds ("ETFs"), individual debt and equity securities options, as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. In addition, Abacus may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or

pooled investment vehicles when consistent with the clients' investment objectives. Abacus also provides advice about any type of investment held in clients' portfolios.

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

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

Clients are advised to promptly notify Abacus if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Abacus's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Abacus's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

**Custodian Charges-Additional Fees.** As discussed at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Abacus generally recommends that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other fee types (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including *Schwab*, generally (with the potential exception for large orders) do not currently charge fees on individual equity transactions (including ETFs), others do. **Please Note:** there can be no assurance that *Schwab* will not change their transaction fee pricing in the future. **Please Also Note:** *Schwab* may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. **Trade-aways:** When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Abacus and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade-away" fee charged by *Schwab*). The above fees/charges are in addition to Abacus's investment advisory fee at Item 5 below. Abacus does not receive any portion of these fees/charges. **ANY QUESTIONS: Abacus's Chief Compliance**

**Officer, Jessica Lu, remains available to address any questions that a client or prospective client may have regarding the above.**

**Disclosure Statement.** A copy of Abacus's written Brochure and Client Relationship Summary, as set forth on Part 2 of Form ADV and Form CRS respectively, shall be provided to each client prior to the execution of any advisory agreement.

Abacus shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Abacus shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Abacus's services.

Abacus does not participate in a wrap fee program.

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## Item 5. Fees and Compensation

### General Fee Information

Abacus offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. As further described below, fees paid to Abacus are exclusive of all custodial and transaction costs paid to the client's custodian, brokers, or other third-party consultants. Please see Item 12 - Brokerage Practices for additional information. Fees paid to Abacus are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds), or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, Abacus and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

### Financial Planning and Consulting Fees

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Abacus generally includes financial planning in its investment management fee for clients whose investment management fee exceeds \$10,000 annually. For clients who wish to engage the firm for financial planning services only or whose management fee is less than \$10,000 annually, the firm general charges a minimum annual amount of \$5,000, depending on the specific nature of the engagement. If the client engages Abacus for additional investment advisory services, Abacus may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

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Abacus provides consulting services as well and can provide specific services with respect to real estate-related investments. Such services are not considered investment management and real estate consulting with respect to real property will be excluded from the fee schedule outlined below. An agreed-upon flat fee is applicable and will be billed in accordance with the hourly rates and policies outlined in this Item. If a client requires extra planning services in anticipation of the sale of a property, additional fees will apply. An estimate of the time required and total fees to be incurred will be discussed with the client in advance of the engagement.

Prior to engaging Abacus to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Abacus setting forth the terms and conditions of the engagement. Generally, Abacus requires the financial planning fee to be paid on a monthly basis payable upon entering the written agreement.

### Investment Management Fee

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Abacus provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Abacus. Abacus's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Abacus does not, however, receive any portion of these commissions, fees, and costs. Abacus's annual fee is prorated and charged monthly, in advance, based upon the market value of the assets being managed by Abacus on the last day of the previous quarter. The annual fee varies (generally between 0.25% and 1.00%) depending upon the market value of the assets under management, as follows:

PORTFOLIO VALUE	BASE FEE
up to \$3,000,000	1.00%
\$3,000,001 - \$5,000,000	0.75%
\$5,000,001 - \$15,000,000	0.50%
above \$15,000,000	0.25%

Accounts belonging to spouses and immediate household members may be combined in applying the fee schedule above. Minimum quarterly fees may apply depending upon the investment assets and financial planning needs of the client. In accordance with the minimum fee schedule outlined in Item 7

below, there is a minimum annual fee of \$1,000 for clients engaging Abacus for investment management services only.

Private, illiquid investments are excepted from the above fee grid, and the firm charges 2% to provide advice on such investments.

### General Negotiable Disclosure

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Abacus Wealth Partners, at its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge a fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, the dollar amount of assets to be managed, related accounts, account composition, the complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). Please Note: As a result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

### Fees Charged by Financial Institutions

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As further discussed in response to Item 12 (below), Abacus generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("Schwab") for investment management accounts.

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

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

Advisor participates in Schwab's institutional customer program and Advisor may recommend Schwab to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its clients, although Advisor receives economic benefits through its participation in the program that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without

cost or at a discount); receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. Schwab may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by Schwab through the program may benefit Advisor but may not benefit its client accounts. These products or services may assist Advisor in managing and administering client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of Schwab for custody and brokerage services.

Clients may elect to have Abacus's advisory fees deducted from their custodial account. Both Abacus's Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Abacus's investment advisory fee and to directly remit that advisory fee to Abacus in compliance with regulatory procedures. In the limited event that Abacus bills the client directly, payment is due upon receipt of Abacus's invoice.

### **Fee Debit**

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

### **Fees for Management During Partial Months of Service**

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



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

Clients may make additions to and withdrawals from their account at any time, subject to Abacus's right to terminate an account. Additions may be in cash or securities provided that Abacus reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Abacus, subject to the usual and customary securities settlement procedures. However, Abacus designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. Abacus may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

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

Neither Abacus, nor its representatives accept compensation from the sale of securities or other investment products.

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

Abacus serves as the sponsor and general partner of the Abacus Sustainable Fund ("ASF") and the Align Impact Fund ("AIF", collectively "Funds"). For ASF, the firm collects management fees and performance fees from certain investors, but only in those instances where the investors are not also clients of Abacus's investment advisory and financial planning business. ASF's investment commitment period was May 2008 through 2009. No new investors are permitted into the Abacus Sustainable Fund except in the case where an investor chooses to transfer an interest in ASF subject to Abacus approval. Aside from the already-committed investments, which are no longer available, ASF may invest in mutual funds as liquidity vehicles and other private funds following the release of committed capital. Abacus has engaged Align Impact to manage ASF and the management fees due to Abacus will in turn be paid to Align.

AIF's investment commitment period was April 2013 through December 2017. AIF invested in fourteen private equity funds, private debt and real estate that aim to bring investors competitive returns alongside positive social impact. Align Impact is the co-investment manager of AIF and receives the management fee from the fund as compensation.

Performance fees are fees charged to only those investors when the Funds attain certain predetermined performance metrics. Performance fees pose a conflict of interest because they may incentivize Abacus to allocate favorable investments to the Funds in order to earn larger performance fees.

Abacus manages investments for clients, the firm itself, and its employees. Abacus and its employees may buy or sell securities identical to those recommended to customers for their personal accounts.

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### Item 7. Types of Clients

Abacus provides its services to individuals, high net worth individuals, couples, families, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

#### **Minimum Account Size and/or Minimum Fee**

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Although Abacus does not require a minimum portfolio size, it generally imposes a minimum annual fee of \$1,000 for financial planning. For certain clients, the minimum fee effectively raises the firm's annual fee to slightly more than 1% as provided in Item 5. Abacus, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

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

#### **Methods of Analysis**

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Abacus primarily employs a fundamental method of investment analysis. Fundamental analysis involves the fundamental financial condition and competitive position of a company. Abacus will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

#### **Investment Strategies**

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Based on academic research, Abacus has adopted an asset class investing approach. Abacus looks at the performance of various asset classes over long periods of time to determine its sector allocations for its models, then chooses no load mutual funds to obtain the appropriate exposure to those asset

classes. The investment approach is based on the assumption that the securities markets are generally efficient. The firm does not engage in stock picking, believing that a well-diversified portfolio will outperform an actively managed portfolio over most full market cycles. Abacus also does not engage in market timing, maintaining client allocations during all market cycles.

Abacus chooses investments based on its investment philosophy, which is grounded in investment research. Abacus believes the markets are generally efficient and that stock picking and market timing cause dramatic underperformance for most managers. Abacus believes traditional index funds have significant benefits that include discipline, low turnover, reduced costs, diversification and lack of subjectivity, all of which have been shown to add significantly to investment returns. However, typical index funds also have drawbacks, including higher costs in certain asset classes, and a rigid necessity to follow a brand-name index that can lead to less-than-optimal trade executions. Abacus generally utilizes passive institutional funds that are not available to the general public, and which capture the benefits of indexing while avoiding its drawbacks. These passive institutional funds serve as the core investment recommendations. Abacus' core investment portfolios include exposure to equities and alternatives such as commodities. The sector allocations are most often accomplished through the selection of appropriate mutual funds.

For clients with significant investment assets and who are accredited investors, clients may also have the opportunity to invest in private investments. Private investments are investments which are not publicly traded, and which are often illiquid. Private investments are often attractive investment opportunities because they capitalize on one or more market inefficiencies. Market inefficiencies can lead to above average investment returns. Market inefficiencies can be caused by the illiquid nature of the market, significant barriers to entry to the market and/or a lack of transparent pricing. Abacus applies environmental sustainability screens to certain mutual fund investments it manages for clients. Clients with significant investment assets may choose to have their investments screened by various social criteria. Abacus works with Align Impact, an institutional investment advisor, to implement these social screenings.

### Risks of Loss

**While Abacus seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.**

**Below is a description of several of the principal risks that client investment portfolios face.**

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## Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## Market Disruption and Geopolitical Risk

The occurrence of events similar to those in recent years, such as the aftermath of the war in Iraq, instability in the Middle East and Eastern Europe, ongoing epidemics of infectious diseases in certain parts of the world, terrorist attacks in the U.S. and around the world, social and political discord, debt crises, sovereign debt downgrades, increasingly strained relations between the United States and a number of foreign countries, including traditional allies, historical adversaries, and the international community generally, new and continued political unrest in various countries, the exit or potential exit of one or more countries from the EU or the EMU, and a change in the U.S. president, administration, or dominant political party, among others, can result in market volatility, have long-term effects on the U.S. and worldwide financial markets, and cause further economic uncertainties in the U.S. and worldwide.

The occurrence of any of these above events could have a significant adverse impact on the value and risk profile of a client's portfolio. Abacus does not know how long the securities markets will be affected by similar events and cannot predict the effects of similar events in the future on the U.S. economy and

securities markets. There can be no assurances that similar events and other market disruptions will not have other material and adverse implications.

### Market Risks

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

### Equity Market Risks

Abacus does not generally manage individual stock holdings. Client accounts may hold a limited number of legacy positions, but these are not selected by or actively managed by Abacus. Accordingly, the client retains the responsibility for the risks carried by these securities.

### Margin Risk

Abacus does not use margin as an investment strategy. However, clients may elect to borrow funds against their investment portfolio. When investments are purchased, they may be paid for in full or the client may borrow part of the purchase price from the account custodian. If a client borrows part of the purchase price, the client is engaging in margin transactions and there is risk involved with this. The assets held in a margin account are collateral for the custodian that loaned the client money. If those assets decline in value, then the value of the collateral supporting the client's loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in the client's account. The brokerage firm may issue a margin call and/or sell other assets in the client's account to accomplish this. It is important that clients fully understand the risks involved in trading on margin, including but not limited to:

- It is possible to lose more funds than is deposited into a margin account;
- The account custodian can force the sale of assets in the account;
- The account custodian can sell assets in the account without contacting the client first;
- The account holder is not entitled to choose which assets in a margin account may be sold to meet a margin call;
- The account custodian can increase its "house" maintenance margin requirements at any time without advance written notice; and
- The accountholder is not entitled to an extension of time on a margin call.

### Cybersecurity Risk

In addition to the market and Investment Risks, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at our firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with

cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

### **Environment, Social, and Corporate Governance**

Clients utilizing responsible investing strategies and environment, social responsibility, and corporate governance (ESG) factors may underperform strategies that do not utilize such considerations. Responsible investing and ESG strategies may operate by either excluding the investments of certain issuers or by selecting investments based on their compliance with factors such as ESG. These strategies may exclude certain securities, issuers, sectors, or industries from a client's portfolio, potentially negatively affecting the client's investment performance if an excluded security, issuer, sector, or industry outperforms. Responsible investing and ESG are subjective by nature, and Abacus may rely on rankings, ratings, scores, and other analytic metrics provided by third parties in determining whether an issuer meets Abacus' standards for inclusion or exclusion. A client's perception may differ from that of Abacus or a third party on how to judge an issuer's adherence to responsible investing principles.

### **Use of Private Collective Investment Vehicles**

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

### **Management Through Similarly Managed Accounts**

Abacus may manage portfolios by allocating portfolio assets among various mutual funds on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "investment strategy"). In so doing, Abacus buys, sells, exchanges and/or transfers shares of mutual funds based upon the investment strategy.

Abacus's management using the investment strategy complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company.

The investment strategy may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the investment strategy are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to Abacus's clients may be limited. As further discussed in response to Item 12 below, Abacus allocates investment opportunities among its clients on a fair and equitable basis.

### **General Risk of Loss**

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

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## **Item 9. Disciplinary Information**

Abacus is required to disclose all material facts regarding any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Neither Abacus nor any of its advisory personnel have been the subject of any legal or disciplinary proceedings.

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## **Item 10. Other Financial Industry Activities and Affiliations**

### **General**

Abacus is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

### **Referral to Accounting Firm**

Abacus uses the accounting firm of Mann, Gelon, Glodney & Augenstein to prepare its tax returns, refers clients to this accounting firm and receives referrals from this accounting firm. Abacus neither pays nor receives referral fees from Mann, Gelon, Glodney & Augenstein.

### **Related Limited Partnership**

Abacus is the general partner of two limited partnerships it sponsors, Abacus Sustainable Fund and Align Impact Fund 2013. Abacus is entitled to management and performance fees from the partnerships. See Item 6 for further disclosures.

## Relationship with Align Impact

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Abacus has a minority interest in Align Impact (8.3% voting interest and a 7.53% economic interest). Abacus shares co-investment management responsibilities with Align regarding to the Align Impact Fund and has engaged Align to manage Abacus Sustainable Fund. All management fees from the Abacus Sustainable Fund and Align Impact Fund are paid to Align Impact.

Abacus has retainer agreements with Align in order to access Align Impact's investment platform and has also engaged with Align for due diligence and research services. Abacus also pays fees for certain B2B2C engagements with Align. Align can support the implementation of public and private portfolios for clients who are Abacus clients and do not retain Align directly. Align's role will be limited to providing back-end support to the client's advisory team to propose investment ideas for implementation in the client's impact portfolio as well as providing support on financial and impact reporting and monitoring on existing/new impact investments. In addition, Align Impact sublets office space in the Santa Monica office. Brent Kessel also serves on the Investment Committee of Align.

Other than the information referenced above, Abacus does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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## Item 11. Code of Ethics

Because client accounts are invested almost exclusively in open-end mutual funds, and ETFs, there is little opportunity for a conflict of interest between personal trades by Abacus's associated persons and trades in client accounts; and as such, Abacus and persons associated with Abacus ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Abacus's policies and procedures.

## SEC-Registered

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Abacus has adopted a Code of Ethics ("the Code") that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws. In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code contains written policies reasonably designed to prevent the unlawful use of material non-public information by Abacus or any of its associated persons. Under the Investment Advisers Act of 1940, Abacus owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with Abacus to act with honesty, good faith, and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information. The Code also requires that all Abacus associated persons report their personal securities holdings and



transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

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

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

### Conflicts

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As discussed above in response to Items 4 and 10, Abacus is the general partner to ASF and AIF. Both Funds are closed to new investors. To the extent Abacus has recommended clients invest in the ASF and AIF, a conflict of interest exists. Abacus does not receive any additional compensation from clients who have invested in ASF or AIF. As such, Abacus does not believe this arrangement poses any additional conflict of interest.

### General Offer

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

## Item 12. Brokerage Practices

### General

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As discussed above, in Item 5, Abacus generally recommends that clients utilize the brokerage and clearing services of Schwab.

Factors which Abacus considers in recommending Schwab or any other broker-dealer to clients may include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables Abacus to obtain many mutual funds without transaction charges and other securities at

nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

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

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

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

Transactions for each client generally will be affected independently, unless Abacus decides to purchase or sell the same securities for several clients at approximately the same time. Abacus may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Abacus's client's differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Abacus's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Abacus determines to aggregate client orders for the purchase or sale of securities, including securities in which Abacus's Supervised Persons may invest, Abacus generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Abacus does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Abacus determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest

position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Abacus may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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

### Brokerage for Client Referrals

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Abacus does not participate in any Custodian's client referral program.

### Software and Support Provided by Financial Institutions

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

### Schwab Institutional

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Additionally, Abacus may receive the following benefits from Schwab through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading

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

### Schwab

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Abacus participates in the institutional customer program offered by Charles Schwab Investment Management, Inc., dba Schwab Asset Management ("Schwab"), an unaffiliated SEC-registered broker-dealer and FINRA member. Schwab offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Abacus receives some benefits from Schwab through its participation in the program.

There is no direct link between Abacus's participation in the program and the investment advice it gives to its clients, although Abacus receives economic benefits through its participation in the program that are typically not available to Schwab retail investors. Additionally, Abacus may receive the following benefits from Schwab through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information, access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Abacus by third party vendors.

These products or services may assist Abacus in managing and administering client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help Abacus manage and further develop its business enterprise. The benefits received by Abacus's participation in the program do not depend on the amount of brokerage transactions directed to Schwab. Clients should be aware, however, that the receipt of economic benefits by Abacus or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Abacus's recommendation of Schwab for custody and brokerage services.

Abacus considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting Schwab as the broker and custodian for certain of its current and future client accounts, Abacus takes into consideration its arrangement with Schwab as to obtaining price discounts for Schwab's automatic portfolio rebalancing service for advisors known as "iRebal".

The standard iRebal annual license fee applicable to Adviser is \$104,500. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the Schwab platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the Schwab platform will bring fee reductions of up to \$104,500 per year for each of as many as three years or more.

Although Abacus believes that the products and services offered by Schwab are competitive in the marketplace for similar services offered by other broker-dealers or custodians, the arrangement with Schwab as to the iRebal service impacts Abacus' independent judgment in recommending Schwab as the broker or custodian for client accounts.

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### Item 13. Review of Accounts

#### Review

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

#### General Reports

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

#### Financial Planning/Consulting Reports

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

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## Item 14. Client Referrals and Other Compensation

### No Solicitors or Other Economic Benefits

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

### General Solicitors

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Abacus engages promoters to introduce new prospective clients to the Abacus consistent with the Investment Advisers Act of 1940, its corresponding rules, and applicable state regulatory requirements. If the prospect subsequently engages Abacus, the promoter shall generally be compensated by Abacus for the introduction. Because the promoter has an economic incentive to introduce the prospect to Abacus, a conflict of interest is presented. The promoter's introduction shall not result in the prospect's payment of a higher investment advisory fee to the Abacus (i.e., if the prospect was to engage Abacus independent of the promoter's introduction). The promoter, at the time of the introduction, shall usually provide the prospective client with a written disclosure statement containing the terms and conditions of the promoter arrangement with Abacus including compensation, together with a copy of: (1) Abacus' written disclosure Brochure; and (2) Form CRS (if the prospect is a retail client).

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## Item 15. Custody

### General

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

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

Abacus also maintains custody of certain client funds as the general partner and investment manager of the Abacus Sustainable Fund and the Align Impact Fund. Quarterly statements are prepared by a third-party administrator and an auditor performs an annual audit of the fund's financial statements.

Custody is disclosed in Form ADV because Abacus has authority to transfer money from client account(s), which constitutes a standing letter or authorization (SLOA). Accordingly, Abacus will follow the safeguards specified by the SEC rather than undergo an annual audit.

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## Item 16. Investment Discretion

### Discretion

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With the exception of some legacy accounts which are managed on a non-discretionary basis, Abacus generally manages accounts with the authority to exercise investment discretion on behalf of clients. Abacus is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Abacus is given this authority through a power-of-attorney included in the agreement between Abacus and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Abacus takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

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## Item 17. Voting Client Securities

### Proxy Voting - Disclaimer

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Abacus does not vote or accept authority to vote client securities on behalf of its clients. Clients receive proxies directly from the Financial Institutions.

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## Item 18. Financial Information

### **General Disclaimer**

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Abacus does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.



# Abacus Wealth Partners, LLC

a Registered Investment Adviser

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