

Firm Brochure and Supplement

(Part 2A and 2B of Form ADV)

Abrams Financial Management, Inc.

148 Linden Street, Suite 6
Wellesley, MA 02482

Phone: 781-237-7111

Fax: 781-239-1155

Email: jabrams@abramsfin.com

This brochure provides information about the qualifications and business practices of Abrams Financial Management, Inc. If you have any questions about the contents of this brochure, please contact us at: 781-237-7111, or by telefax at: 781-239-1155, or by email at: jabrams@abramsfin.com. 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 Abrams Financial Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov

March 27, 2012

Abrams Financial Management, Inc.

Item 2: Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. This is our first Firm Brochure issued under this rule.

Full Brochure Available

If you would like to receive a copy of our Firm Brochure, please contact us by telephone at: 781-237-7111, or by telefax at: 781-239-1155 or by email at: jabrams@abramsfm.com.

Item 3

Table of Contents

Item 2: Material Changes	i
Annual Update	i
Material Changes since the Last Update	i
Full Brochure Available	i
Item 4: Advisory Business	1
Firm Description	1
Principal Owners	2
Types of Advisory Services	2
Tailored Relationships	2
Types of Agreements	3
Discretionary Investment Management Agreement	3
Financial Planning Agreement	4
Hourly Planning Engagements	5
Tax Preparation Engagement	5
Termination of Agreement	5
Item 5: Fees and Compensation	6
Description	6
Fee Billing	7
Other Fees	7
Mutual Fund and Exchange Traded Fund Expenses	7
Item 6: Performance-Based Fees	8
Sharing of Capital Gains	8
Item 7: Types of Clients	8
Description	8
Account Minimums	8
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	9
Methods of Analysis	9

Investment Strategies	9
Risk of Loss	10
Types of Securities	11
Item 9: Disciplinary Information.....	12
Legal and Disciplinary.....	12
Item 10: Other Financial Industry Activities and Affiliations.....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Code of Ethics.....	12
Participation or Interest in Client Transactions/Personal Trading	12
Item 12: Brokerage Practices	13
Selecting Brokerage Firms.....	13
Best Execution	15
Soft Dollars	15
Order Aggregation	15
Item 13: Review of Accounts.....	15
Periodic Reviews	15
Review Triggers.....	16
Regular Reports.....	16
Item 14: Client Referrals and Other Compensation.....	16
Incoming Referrals.....	16
Referrals Out	16
Item 15: Custody	16
Account Statements.....	16
Item 16: Investment Discretion	17
Item 17: Voting Client Securities.....	17
Item 18: Financial Information	18
Financial Condition	18
ADV Part 2B	19

Item 4: Advisory Business

Firm Description

Abrams Financial Management, Inc. ("AFM") was founded in 1985. Since 1994 it has provided personalized confidential financial planning and investment advisory services to individuals, partnerships, trusts, corporations and pension and profit sharing plans. It also provides tax preparation services primarily to individuals, trusts and estates.

AFM's financial planning activities are provided through consultation with a Client. The services generally include a determination of the Client's overall financial objectives and the identification of various problem areas or financial issues. These problem area(s) or issue(s) may include one or more of the following areas - cash flow management, tax planning, insurance, investment advisory, educational funding, retirement planning, and estate planning. The planning process may result in recommendations or advice that may be oral and/or written. Consideration in the financial planning process is given to several factors including but not limited to age, net worth, current income, cash flow needs, family situation, health, and personal philosophy.

AFM manages investment accounts on a discretionary basis. Clients establish accounts in their own names at one or more brokers and/or mutual fund companies and provide AFM with a Limited Trading Authority. AFM never takes custody of Client funds. Account management is guided by several factors including but not limited to net worth, stated financial objectives, dollar magnitude of taxable and tax deferred accounts, risk tolerance, taxes and, if applicable, age of the Client. These factors as well as a Client's financial objectives may change. Clients always maintain asset control.

AFM is a "fee-only" financial planning and investment advisory firm. The only compensation it receives is that paid by our Clients. The firm does not sell products such as annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions or finder's fees in any form are accepted.

AFM does prepare, to a limited extent, tax returns for Clients who may also receive financial planning and/or investment advisory services. AFM may recommend other professionals such as lawyers, accountants, insurance agents, etc. who may be directly engaged by the Client on an as-needed basis, but do not receive any compensation from them.

In the unlikely event that AFM encounters a conflict of interest with a Client or Clients, AFM will disclose them.

An initial consultation with a potential Client may be in person and/or by telephone and is free of charge. This is considered to be an exploratory interview for the potential Client to learn more about AFM and to determine whether financial planning and/or investment advisory services may be beneficial to them and whether there is a basis for a mutually beneficial relationship.

Principal Owners

Jacques S. Abrams is the preponderant shareholder owning greater than 90% of AFM.

Types of Advisory Services

AFM provides discretionary investment advisory services (also known as investment supervisory services). Investment advisory Clients utilizing AFM discretionary investment advisory services provide AFM with the authority to make and implement investment decisions without consulting with or obtaining Client approval prior to the purchase or sale of an investment. The preponderant majority of AFM's investment advisory accounts are managed on a discretionary basis.

As of May 31, 2011, AFM managed approximately \$32,300,000 in assets for approximately 70 Clients. Currently assets are managed on a discretionary basis.

AFM may also furnish financial planning advice to Clients in oral and/or written form. This may include, but is not limited to, retirement planning, tax planning, insurance planning, investment planning, educational planning, and estate planning. In many cases, financial planning is provided to investment advisory Clients at no additional charge. AFM does not provide legal advice but does in certain instances prepare tax returns.

Tailored Relationships

AFM will discuss and consider for each discretionary investment advisory and/or financial planning Client various parameters that may include but are not limited to their individual goals and financial objectives, risk tolerance, age, health, net worth, market outlook, investment philosophy, investment restrictions and family situation. The more information each Client provides about their specific circumstances, the greater the likelihood AFM will be able to develop a more appropriate recommendation and/or investment allocation for a Client's individual situation. The information provided may be both qualitative and quantitative in nature. In certain instances, the recommendations and investment allocation may also be a function of the length of the relationship with a Client as AFM learns additional information

not previously provided by the Client and/or observes the Client under various investment market and/or personal conditions.

AFM relies on the information provided by each Client and is not required to verify any information received from a Client or from the Client's other professionals. In addition, it is the Client's responsibility to promptly notify AFM whenever there is a material change in their financial or personal situation as well as their goals and financial objectives. This enables AFM to review, evaluate, and/or revise AFM's previous recommendations and/or services to the Client.

Types of Agreements

The following agreements define the typical Client relationships:

- Discretionary Investment Management Agreement.
- Financial Planning Agreement.
- Hourly Planning Engagement.
- Tax Preparation Engagement.

Discretionary Investment Management Agreement

A Client may engage AFM to manage their investments on a discretionary basis by providing AFM with the authority to make and implement investment decisions, without consulting with or obtaining Client approval prior to the purchase or sale of any investment. AFM considers a Client's objectives, needs and circumstances and risk tolerance that have been provided, as well as the potential return, risk, marketability, liquidity, asset class weightings, and trading and ongoing investment expenses, if any, in its investment selection and recommendations. Generally by their intrinsic nature, investments can and do fluctuate in value and could potentially lose value and be sold at a loss. Furthermore, depending on market circumstances it may not be possible to liquidate some investments quickly or without penalty. As a result, AFM investment advisory is best suited for Clients with a long-term time horizon. In addition, AFM investment advisory orientation is that of strategic investor, i.e. one who looks at investments from a long-term perspective, and not as a tactical investor, that is one who looks at investments in terms of purchases and sales on a short-term basis.

AFM investments made on behalf of Clients are primarily in exchange-traded funds (ETFs), open ended no-load mutual funds, and closed-end funds through accounts held at custodians such as discount brokerage firms and mutual fund companies. In this process, AFM is oriented toward viewing the use of ETFs as "core" holdings and open-ended no-load funds and to a lesser extent closed-end funds as "satellite" holdings. In addition, individual stocks, bonds, certificates of deposit or variable annuities may be purchased or sold when appropriate.

Although, they have not been generally utilized by AFM in its discretionary investment advisory accounts, other investments may include warrants, commercial paper, option contracts, futures contracts, and interests in partnerships. With the exception of commercial paper, these types of investments have not been utilized primarily because they are often inappropriate for the Clients provided services by AFM either because of age of the Client, net worth, complexity, marketability, and/or liquidity.

Financial Planning Agreement

A financial plan is designed to help the Client with one or more aspects of retirement planning, insurance planning, investment planning, estate planning and tax planning, but does not include ongoing investment advisory after the financial plan is completed.

A financial plan may include, but is not limited to, one or more of the following:

- Cash Flow Management
- Retirement Planning
- Insurance Planning
- Investment advisory
- Tax Management
- Retirement Planning
- Estate Planning

In addition it may include a discussion of certain specialized subject matters such as college planning, Medicaid planning, and bankruptcy planning.

Conceptually a financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans, including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios and recommendations related to the scenario(s); estate planning review and recommendations; and education planning and recommendations.

Each of the various financial planning topic areas are usually presented and discussed separately. The process of gathering, analyzing and presenting findings, projections and recommendations related to the plan is usually done over an elongated period of time, possibly one or more months. The length of time is influenced by how quickly certain data can be organized, the Client's availability to meet and discuss their objectives, as well as the Client's involvement in the review and discussion of preliminary findings and/or recommendations presented by AFM. While a financial plan is generally thought to be in a written form, it may be in a combination of written and oral

communication with a Client; it may also be presented in a summary or more comprehensive form; it may place greater emphasis one or of the areas depending on the needs and desires of the Client.

AFM does not render legal advice nor does it provide any insurance products. It does prepare tax returns for certain Clients; these returns are, in the opinion of AFM, to be relatively “straight-forward” and simple in terms of complexity from a tax perspective. In situations where a tax return is more complex or inconsistent with AFM’s tax preparation capabilities, a Client is instructed to utilize the services of another tax preparer or tax preparation organization. AFM services are not meant to replace the services of attorneys, insurance agents, or tax preparers who provide tax assistance related for complex tax matters. AFM believes it should be viewed as having the ability to work with and/or complement a Client’s team of legal, insurance and other professionals.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the Client.

Hourly Planning Engagements

AFM prefers not to work with a Client on an hourly basis relating to financial planning activities. It believes that a long-term relationship with a Client comprising many of the areas related to financial planning is an important part of providing meaningful assistance to the Client. In certain instances related to a Client’s specific needs or desires, AFM may provide hourly financial planning or consulting services that is limited in its scope. The hourly rate for these engagements is \$200 per hour. While these services are generally billed upon the completion of the service, AFM may elect to request that up to one-half of the estimated fees be paid in advance, with the balance due upon completion. Work cancelled prior to completion will be billed on an hours actually worked basis.

Tax Preparation Engagement

Tax preparation work is not included in the *Investment Management Agreement* and is billed separately to a Client desiring such services. Tax preparation work is billed at the rate of \$190 per hour.

Termination of Agreement

Both the Client and AFM may terminate any of the agreements at any time by sending written notice to the other party.

AFM may elect to terminate an agreement when it feels or determines that it cannot provide the Client with appropriate service. This may occur, for example, in circumstances when a Client does not provide pertinent

information and/or communication about their financial situation. As a result, AFM, in its opinion, is not able to provide sound financial advice.

Item 5: Fees and Compensation

Description

AFM bases its Investment advisory fees on a percentage of assets under management.

The Fee Schedule for Investment Advisory Services is as follows:

<u>Fee</u>		<u>Brackets</u>
Equity Investment		
0.2500% per quarter (1.00% per year)	of	amounts under \$250,000
	plus	
0.1875% per quarter (0.75% per year)	of	amounts between \$250,000 and \$750,000
	plus	
0.1500% per quarter (0.60% per year)	of	amounts between \$750,000 and \$2,000,000
	plus	
0.1250% per quarter (0.50% per year)	of	amounts over \$2,000,000
Bond Investment		
0.0875 per quarter (0.35% per year)	of	amounts over \$1

The minimum account size and fee are presently negotiable. Fees are charged quarterly during the current quarter and may be aggregated for a group of related Clients. The fee charged may be the lowest applicable rate for the entire portfolio. In addition, the fee charged to a specific Client may vary somewhat from the Fee Schedule due to factors including but not limited to complexity of the particular situation, the needs of the Client, the inclusion

of one or more family members in determining the size of the overall portfolio, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, type of management services required, related accounts, account composition, negotiation with Clients, etc. In certain larger accounts, the aggregate fee may be fixed.

Fee Billing

Investment advisory fees are billed quarterly, in arrears, meaning that AFM invoices the Client subsequent to the ending of the three-month billing period. Payment in full is expected upon presentation. Fees may be deducted from a designated Client account to facilitate billing with the Client's written consent.

Fees for financial plans are billed partially in advance with additional progress payments during work on the plan and the balance upon delivery of the financial plan.

Other Fees

Brokers and/or Custodians may charge a commission and/or transaction fees on purchases or sales of certain open-ended mutual funds, closed-end mutual funds, exchange-traded funds and individual securities. In addition the custodians may charge a transfer fee related to the purchase of a security, such as an individual bond, by a third party broker. These transaction charges are usually small and incidental to the overall purchase or sale of a security though on small purchases they may be a factor. When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom AFM and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and/or FINRA member broker-dealers (in which event, the client generally may incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the client's custodian/broker-dealer). In most cases, the selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. In the case of a small purchase, AFM takes into consideration both the selection of a specific security as well as the transaction fee. Regardless of the size of the purchase, AFM does take all fees into consideration when making an investment decision.

Mutual Fund and Exchange Traded Fund Expenses

Mutual funds may directly or indirectly charge their shareholders a variety of fees related to the purchase and/or maintenance of an investment. These may include a sales charge (load) related to the purchase of a fund, a 12b-1 fees for advertising and distribution as well as an ongoing management fee.

Exchange Traded Funds (ETFs) generally do not have a sales charge (load) but like a mutual fund do have ongoing management fees and may have 12b-1 fees. The ongoing management fees may be less than those of a similar mutual fund. As a result, the management fee of an exchange traded fund (ETF) as it compares to a similar mutual fund may be a consideration in the selection process of AFM.

These costs and fees are incurred by a shareholder in the funds whether or not AFM is managing a Client's investments and are totally independent of AFM's fees. AFM does not benefit from these fees in any manner; however, AFM does take all costs into consideration before making mutual fund and/or exchange-traded fund investments and recommendations.

In addition, AFM may have the ability to purchase "institutional" class of mutual fund shares that have reduced management fees and may also be able to purchase some "load" funds without paying the "load" as a result of using certain brokers and/or custodians.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Item 6: Performance-Based Fees

Sharing of Capital Gains

AFM's does not receive any performance fees, e.g. a special fee related to the percentage gain in an investment. AFM's does not receive any fees that are based on the amount of the gain or capital appreciation (other than a fee based on assets under management) primarily because a performance-based fee structure may cause a conflict of interest between a Client and AFM. Performance-based compensation might create an incentive for an advisor to recommend an investment that has a higher degree of risk for a Client than what may be appropriate. It may also create a situation for an advisor to "prematurely" sell and investment in order to "lock-in" a gain.

Item 7: Types of Clients

Description

AFM provides investment advice to individuals, pension and profit sharing plans, trusts, estates, corporations and business entities (e.g. LLCs).

Client relationships vary in scope and length of service but are generally long term in nature.

Account Minimums

The minimum account size is currently negotiable.

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

Methods of Analysis

Security analysis methods may include fundamental analysis, technical analysis and an overall appraisal of market conditions. Overall market conditions may include an appraisal of “macro” factors domestically and/or globally. AFMs orientation is that of a long term investor, i.e. a strategic investor, and not a short term investor, i.e. a tactical investor.

Sources of information include but may not be limited to financial newspapers and magazines, financial journals, research materials prepared by others, newsletters, prospectuses, filings with the Securities and Exchange Commission, company press releases, presentations at educational conferences, databases prepared by others, and interviews or discussions by certain individuals either in person or via the internet.

In addition AFM may use mutual fund information provided by a third party such as Morningstar®, exchange traded funds (ETFs) information provided by various entities offering or interested in these type of securities, as well as a variety of services that provide mutual fund and/or exchange trading pricing and other information.

Investment Strategies

The primary investment strategy employed by AFM on Client accounts is strategic asset allocation utilizing a “core” and “satellite” approach. This means that AFM often selects passively-managed index and exchange-traded funds as “core” investments and then utilizes actively-managed funds to supplement the passive funds or exchange traded funds that have been selected as “satellite” investments. The use of passively-managed index or exchange-traded funds is utilized primarily because of their inherent relationship to a specified index and their generally lower costs in relation to mutual funds that utilize active management. To a lesser extent exchange-traded funds are used because they are thought to be more tax efficient than an open-ended mutual fund holding similar securities. The use of actively managed mutual funds may be utilized for reasons that may include, but are not limited to, perceived ability of a portfolio manager or management team, overall portfolio diversification not provided by various passively managed funds or exchange traded funds, and the waiver of transaction fees by a broker(s).

Portfolios are globally diversified to control the risk associated with traditional domestic markets. The specific investment strategy for an individual Client is based upon the objectives stated by the Client. The Client may change these objectives at any time, and if they do, it is their responsibility to communicate any changes to AFM. Sometimes because of volatility in the securities

market(s), a Client may decide that it is necessary if not imperative for them to employ, for a certain period of time, a short-term tactical asset allocation strategy with a decidedly different asset allocation than the longer term strategic asset allocation previously agreed to. In these situations, the Client is advised that AFM primarily employs a strategic asset allocation and, as a result, AFM may not be an appropriate investment advisor to implement this new tactical asset allocation course of action.

Within the strategic asset allocation process, AFM allocates various percentages of assets to certain types of investments. Over time, the various percentages in these types of investments may change due to changes in the valuations of these investments. If one asset class appreciates or depreciates compared to another or others, AFM may “rebalance” by buying or selling one or more asset classes to bring them back to a desired percentage within a “tolerance” range.

AFM may also decide to change the percentage allocation to one or more asset classes because of a number of factors and/or perspectives of AFM that include, but are not limited to, the asset classes being overvalued or undervalued, the desire to provide a different mix of asset classes for diversification purposes, other risk factors in the selection of certain asset classes that need to be changed, and a change in a Client's personal situation. Depending on market conditions and/or the selection of the various securities, these “rebalancing” processes and/or changes in asset classes, and/or asset class weightings may result in an under-performance in the overall performance of the portfolio compared to the previously selected asset classes and/or asset weightings.

Risk of Loss

Investing in securities involves risk of loss that Clients should be prepared to bear. While AFM is cognizant of risk in formulating and implementing its investment recommendations, it is important, if not imperative, for a Client to recognize certain inherent risks pertaining to various investments. These risks include, but are not limited to, the following:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** Prices of securities such as stocks, bonds, mutual funds, exchange traded funds, and variable annuities may decrease in reaction to known or perceived events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions real or perceived may trigger adverse security pricing in various markets.

- **Inflation Risk:** When inflation is present, a United States Dollar today will buy more than a Dollar next year because the purchasing power of the Dollar has been eroded by the rate of inflation.
- **Currency Risk:** An investment in a country other than the United States is subject to fluctuations in the value of the United States Dollar in relation to the currency of the investment's originating country. This is referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry.
- **Marketability Risk – Marketability** is the risk associated with the ability of an investor to sell a particular security because of restrictions in the security itself or restrictions related to certain political entities. For example, an investment in a private limited partnership or an investment located in an emerging market country may possess inherent marketability risk.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Sometimes because of changes in market conditions an investment that was formerly considered to be liquid may become illiquid either on a temporary or more long-term basis.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of the business or entity not being able to meet its legal obligations. During periods of financial stress, the inability to meet loan obligations may result in declining market value, default, bankruptcy or an investment becoming worthless.

Types of Securities

Client assets are invested primarily in exchange-traded funds and no-load or low-load mutual funds usually through discount brokers or fund companies. When appropriate, stocks and bonds may be purchased or sold through a brokerage account. Investments may also include: equities (stocks), corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), and U. S. government securities. AFM generally does not invest in initial public offerings (IPOs), warrants, option

contracts, futures contracts, and interests in partnerships (with the exception of publicly traded master limited partnerships).

Item 9: Disciplinary Information

Legal and Disciplinary

Neither AFM, nor its management persons, have been the subject of any disciplinary actions.

Item 10: Other Financial Industry Activities and Affiliations

AFM is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor, nor does it have any relationship or arrangement with a related person that is material to its advisory business.

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

Code of Ethics

AFM has a Code of Ethics in place stating its fiduciary duty to act in the best interests of the Client at all times and reporting of any violations. AFM has implemented an investment policy relative to personal securities transactions. This investment policy is part of AFM's overall Code of Ethics which serves to establish a standard of business conduct for all of its employees based upon fundamental principles of openness, integrity, honesty and trust. A copy of the Code of Ethics is available upon request.

Participation or Interest in Client Transactions/Personal Trading

AFM and/or representatives of AFM *may* buy or sell securities that are also recommended to clients. This practice may create a situation where AFM and/or representatives of AFM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if AFM did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal

trades executed prior to those of AFM's clients) and other potentially abusive practices.

AFM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of AFM's "Access Persons". AFM's securities transaction policy requires that an Access Person of AFM must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date AFM selects; provided, however that at any time that AFM has only one Access Person, he or she shall not be required to submit any securities report described above.

AFM and/or representatives of AFM *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where AFM and/or representatives of AFM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above, AFM has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of AFM's Access Persons.

Item 12: Brokerage Practices

Selecting Brokerage Firms

AFM is an institutional advisor with Charles Schwab & Co., Inc. and TD Ameritrade, Inc. These firms are discount brokers and are qualified custodians. These firms have been chosen on the basis of them offering a wide variety of no-load and low load mutual funds, reasonable commission rates for transactions, and electronic data services to enhance the efficiency of AFM's office operations.

These firms are independent and unaffiliated SEC-registered broker-dealers and their institutional services programs offer a variety of services to independently registered investment advisers that may include custody of securities, trade execution, clearance and settlement of transactions. AFM and/or its employees may receive some benefits through its participation in these advisor/institutional services programs such as discounted or free attendance at conference and educational meetings from product sponsors.

As a result of its participation in the advisor/institutional services programs at Charles Schwab and/or TD Ameritrade, AFM may receive discounts on technology, practice management, compliance, and other products or services provided to AFM by third party vendors. In addition, Charles Schwab

and/or TD Ameritrade may also provide AFM with free or discounted computer software; electronic transmission of data; duplicate copies of Client confirmations; Client statements; research related products, tools and consulting services; compliance and/or practice management related publications; discounted or gratis consulting services; discounted and/or gratis attendance at educational and/or social activities; as well as other products that may be used by AFM in furtherance of its investment advisory business operations. With regards to certain of these services, the software and electronic transmission of data provides AFM with the ability to receive quotes, place orders, receive trade confirmations, and access Client account balances by computer. AFM uses the software and electronic transmission of data to service its Clients that have accounts with that firm. AFM's use of free or discounted software, electronic transmission of data and other services may raise potential conflicts of interest. AFM may be more likely to suggest that its Clients utilize Charles Schwab and/or TD Ameritrade who provide such services than a broker that does not provide them or who does not provide them free or at a discount to AFM.

AFM does not receive fees from any mutual funds or broker. Occasionally an employee of AFM may attend a professional conference whose primary purpose is educational in nature, in which expenses of attending the conference, and/or events associated with the conference, lodging and meals at the conference, and/or events associated with the conference may be paid partially or entirely sponsors who may provide investments used or considered by AFM.

AFM considers a number of factors in recommending brokers and/or custodians including but not limited to execution capability, experience and financial stability, reputation and the quality of services provided.

Although it is possible that lower commission rates may in certain cases be available elsewhere, Advisor believes that the products and services provided by Charles Schwab and/or TD Ameritrade justify the transaction fees offered to AFM and its Clients by these brokers.

AFM's Chief Compliance Officer, Jacques S. Abrams, is available to address any questions that a Client or a prospective Client may have regarding the arrangements described above and any corresponding perceived conflict of interest any such arrangement may create.

AFM may utilize one or more brokers for certain securities, e.g. bonds and certificates of deposit that may not be offered at a particular time by the two brokers normally utilized. Broker(s) for these securities are selected on the basis of the availability of the securities being offered, commission and price. In certain instances in which a Client directs AFM to use a particular broker or dealer, AFM may not be authorized to negotiate commissions and may not be able to obtain volume discounts based on transaction size of best execution.

In addition, such direction may render account handling more difficult if not impractical.

Best Execution

AFM strives to provide best execution of trades for its Clients. Best execution includes but is not limited to speed, quality of execution, the relative ease of AFM to implement a trade, the breadth of securities offered by a broker, the ability to provide certain securities at a particular time, execution price, and trading costs.

AFM believes that the principal two brokers it uses, i.e. Charles Schwab and TD Ameritrade offer the best execution of orders among brokers who offer similar investment products primarily purchased by AFM on behalf of Clients. With regards to the purchase of individual bond(s) and certificates of deposit, AFM believes the broker(s) utilized for such purchases, if it is someone other than Charles Schwab and/or TD Ameritrade, offer best execution of these types of securities at a particular time. In general individual bonds include the U.S. Government; Agencies of the U.S. Government, state, regional and local governments; and to a lesser extent investment grade corporate securities.

AFM reviews the execution of trades each quarter. AFM does not receive any portion of the trading fees.

Soft Dollars

AFM does not receive “soft dollar” credits from any brokers that it uses, but may receive other benefits from Charles Schwab and/or T.D. Ameritrade as previously discussed under “Brokerage Practices”.

Order Aggregation

Most trades implemented by AFM relate to mutual funds or exchange-traded funds. In these situations trade aggregation does not provide any benefits to the Client. In certain instances related primarily to the purchase of individual bonds certain trade-away fees may be discounted or paid in full by a broker other than Charles Schwab or TD Ameritrade. AFM may in these cases, increase the number of bonds purchased on behalf of one or many Clients; however, these trades are done on an individual Client basis and not on a block trade basis.

Item 13: Review of Accounts

Periodic Reviews

Discretionary Investment advisory Account reviews are performed by Jacques S. Abrams, CFP®, CIMA®, CIMC on an ongoing basis. All investment advisory Clients are advised that it remains their responsibility to advise AFM of any

changes in their investment objectives and/or financial situation. All Clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with AFM on an annual basis.

Review Triggers

Other conditions that may trigger a review include, but are not limited to, changes in a Client's personal situation, changes in market conditions on a domestic and/or global basis, changes in taxes, changes in various domestic entitlement programs, and changes in certain investments and/or asset classes.

Clients who have received financial planning services are considered "inactive", i.e. no current fees, need to contact AFM to initiate a current review or update.

Regular Reports

Investment advisory Clients receive monthly and/or quarterly statements from their Custodian(s). Additional reports are provided by AFM during review meetings. The frequency of the review meetings vary by Client depending on their particular needs and orientation in this regard.

Item 14: Client Referrals and Other Compensation

Incoming Referrals

AFM has been fortunate to receive referrals primarily from current Clients. To a lesser extent referrals have been received from estate planning attorneys, accountants, insurance advisors, personal friends and family members. No compensation is paid to any individual(s) making a referral.

Referrals Out

AFM does not accept referral fees or any form of remuneration from other professionals when a prospect or Client is referred to them.

Item 15: Custody

Account Statements

All assets are held at a qualified custodian or custodians selected by each Client. As discussed previously, the two primary brokers who act as custodians used by AFM are Charles Schwab and TD Ameritrade. Custodians provide account statements directly to Clients at their address of record or their e-mail account of record on a monthly or quarterly basis.

Clients should carefully review the account statements received from the account custodian.

Item 16: Investment Discretion

The Client can determine to engage AFM to provide investment advisory services on a discretionary basis. Prior to AFM assuming discretionary authority over a Client's account, the Client shall be required to execute an *Investment Management Agreement*, naming AFM as the Client's attorney and agent in fact, granting AFM full authority to buy, sell, or otherwise effect investment transactions involving the assets in the Client's name found in the discretionary account.

Clients who engage AFM on a discretionary basis may, at any time, impose restrictions, **in writing**, on AFM's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe AFM's use of margin, etc.).

Item 17: Voting Client Securities

As a general rule, AFM does not vote proxies pertaining to certain security holdings in a Client's account. In the instances where AFM does not vote proxies, Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets. When AFM does not vote Client proxies, Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact AFM to discuss any questions they may have with a particular solicitation.

In those limited instances when AFM does vote proxies on behalf of a Client, AFM shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. AFM shall monitor corporate actions of individual issuers and investment companies consistent with the AFM's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which AFM will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director

compensation. With respect to individual issuers, AFM may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), AFM may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. AFM shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how AFM voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the AFM's Chief Compliance Officer, Jacques S. Abrams.

Item 18: Financial Information

Financial Condition

AFM believes that it does not have any financial commitment that impairs its ability to meet its contractual and/or fiduciary commitments to its Clients. AFM does not require prepayment of any investment advisory fees since Clients fees are assessed in arrears for such services. AFM has never been subject to a bankruptcy petition or hearing.

ANY QUESTIONS: AFM's Chief Compliance Officer, Jacques S. Abrams, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.

ADV Part 2B

Item 1 Cover Page

A.

Jacques S. Abrams

Abrams Financial Management, Inc.

Brochure Supplement

Dated 3/27/2012

Contact: Jacques S. Abrams, Chief Compliance Officer

148 Linden Street, Suite 6

Wellesley, MA 02482

B.

This Brochure Supplement provides information about Jacques S. Abrams that supplements the Abrams Financial Management, Inc. Brochure; you should have received a copy of that Brochure. Please contact Jacques S. Abrams, Chief Compliance Officer, if you did *not* receive Abrams Financial Management, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about Jacques S. Abrams is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Education Background and Business Experience

Jacques S. Abrams was born in 1945. Mr. Abrams graduated from the University of Michigan in 1966, with a Bachelor of Science degree in Aerospace Engineering and in 1967 with a Master of Science in Aerospace Engineering. In 1972, Mr. Abrams earned his Master in Business Administration degree from Harvard Business School. Mr. Abrams has been the President of Abrams Financial Management, Inc. since June, 1985 and has provided investment advisory services since November, 1994.

Mr. Abrams has been a CERTIFIED FINANCIAL PLANNER™ since 1995. The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 65,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Mr. Abrams has held the designation of Certified Investment Management Analyst (CIMA®) since 2004. The CIMA® certification signifies that an individual has met initial and on-going experience, ethical, education, and examination requirements for investment management consulting, including advanced investment management theory and application. Prerequisites for the CIMA® certification are three years of financial services experience and an acceptable regulatory history. To obtain the CIMA® certification, candidates must pass an online Qualification Examination, successfully complete a one-week classroom education program provided by a Registered Education Provider at an AACSB accredited university business school, and pass an online Certification Examination. CIMA® designees are required to adhere to IMCA's Code of Professional Responsibility, Standards of Practice, and Rules and Guidelines for Use of the Marks. CIMA® designees must report 40 hours of continuing education credits, including two ethics hours, every two years to maintain the certification. The designation is administered through Investment Management Consultants Association (IMCA®). Please Note: For a period of time subsequent to the merger of the IMCA® and The Institute for Investment Management Consultants, CIMC® designees (discussed below) desiring to obtain the CIMA® designation were able to do so by attending a four day "bridge" program provided by the University of Pennsylvania, Wharton School and the successful completion of a two hour examination, which is how Mr. Abrams obtained the CIMA® designation.

Mr. Abrams has held the designation of Certified Investment Management Consultant (CIMC®) since 1997. As of December 2003, new CIMC certifications are no longer granted. When the designation was issued, its content focused on investment consulting. Current CIMC designees can maintain the designation through Investment Management Consultants Association (IMCA®). CIMC designees are required to adhere to IMCA's Code of Professional Responsibility, Standards of Practice, and Rules and Guidelines for Use of the Marks. CIMC designees must report 40 hours of continuing

education credits, including two ethics hours, every two years to maintain the designation.

Item 3 Disciplinary Information

None.

Item 4 Other Business Activities

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations.
- B. The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

Item 5 Additional Compensation

None.

Item 6 Supervision

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the requirements of supervision requirements of Section 203(e)(6) of the Investment Adviser's Act ("*Act*"). The Registrant's Chief Compliance Officer, Jacques S. Abrams, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee, independent contractor, investment adviser representative, or solicitor of the Registrant have any questions regarding the applicability/relevance of the *Act*, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Abrams at (781) 237-7111.