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**Dated: February 01, 2022**

This brochure provides information about the qualifications and business practices of The Abernathy Group II LLC. If you have any questions about the contents of this brochure, please contact us at: 212-293-3469, or by email at: [sabernathy@abbygroup.com](mailto:sabernathy@abbygroup.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. Registration does not imply a certain level of skill or training.

Additional information about The Abernathy Group II LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

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### **Annual Update**

The Material Changes section of this brochure is a summary of all material changes that occurred since the previous annual updating amendment on March 01, 2021

Material Changes since the Last Update

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1. The firm updated its fees for its family office, separately managed accounts to include Performance Based Fees (Item 6), for qualified clients.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 212-293-3469 or by email at: [sabernathy@abbygroup.com](mailto:sabernathy@abbygroup.com)

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## **Item 4 Advisory Business**

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The Abernathy Group II LLC (“TAG”) is financial planning and investment management firm that was founded in 2009. TAG is owned 100% by Steven Abernathy.

TAG provides three primary types of services: (1) The Abernathy Group II Family Office, (2) The Abernathy Group II Separately Managed Accounts (collectively “Families”), and (3) Investment management to a private fund. In addition, TAG offers pension consulting services.

### **The Abernathy Group II Family Office (the “Family Office”)**

The Family Office advice is provided through private consultation with the family and may include: medical practice integration counseling, medical practice management, marketing, and valuation. We will help our families:

- Legally protect their assets from litigation,
- Adopt strategies to legally reduce taxes,
- Help Families with medical challenges access world class medical care,
- Coordinate estate planning services to effectively manage each family’s wealth across generations,
- Create financial objectives and build financial plans to meet those objectives
- Gain access to management firms potentially unavailable to the public,
- Identify solutions for financial problems,
- Coordinate practice management, practice integration, practice marketing and practice valuation with experts,
- Optimize cash flow management,
- Organize financial affairs to save time each month,
- Review insurance policy coverage,
- Create education funding for family members and philanthropy
- Educational seminars/workshops
- Publication of periodicals or newsletter
- Create complete retirement planning strategies, and,

We will also integrate a Family Office member’s current providers to insure legal, accounting, estate planning, practice management, investment management and access to medical facilities,

are all working together in the family's best interests. This allows the professional to spend more time with their career and family and improve their quality of life.

On more than an occasional basis, TAG may furnish advice to families on matters not involving securities, such as family financial education and expectations counseling, legal asset protection structures, financial planning matters, retirement planning, cash flow analysis, taxation issues, and trust services that often include estate planning. In instances where TAG does not have valuable advice to offer, we will call in experts, who operate independently, with no affiliation to TAG. In these instances, the Abernathy Group II LLC will not share in any compensation agreed to between the family requesting access to the specific expert, and the expert (or their firm), to avoid any conflicts of interest.

The goals and objectives for each family are documented in our family Investment Policy Statement which is created at the beginning stages of the relationship. Investment Policy Statements are created to reflect the stated goals and objectives of each family, list the assets covered under the advisory agreement and provide restrictions, if any, the family would like to enforce. Families may impose restrictions on investing in certain securities or types of securities.

TAG also offers Business Advisory Services to Family Office clients. These services include a broad range of offerings such as preparing the family business for sale, succession planning, marketing their business, employee relations, and strategies for increasing self-employed income among many others.

### **The Abernathy Group II Separately Managed Accounts**

The Abernathy Group II LLC Separately Managed Accounts are customized for each family's specific needs and time horizon. The Abernathy Group II LLC generally provides investment advice regarding no-load or low-load mutual funds and exchange-traded funds. It may also provide advice on individual equities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares),

U. S. government securities, options contracts, futures contracts, and interests in partnerships when appropriate.

Initial public offerings (IPOs) are not typically available through The Abernathy Group II LLC. However, if a family requests an interest in a specific IPO, and if we are able to secure access to the IPO, The Abernathy Group II LLC will provide the access we are able to secure to the family (at no cost - to avoid conflicts of interest).

Separately Managed Accounts may be integrated into the Family Office relationship, or may be offered as a stand-alone financial alternative. Separately Managed Accounts may impose restrictions on investing in certain securities or types of securities.

### **Investment Management to a Private Fund**

TAG serves as the investment adviser of, and provides discretionary investment management services to The Abernathy Group Growth Fund LP (the “Affiliated Fund”). The terms and conditions for participation in the Affiliated Fund including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund’s offering documents. This fund is closed, and not available to the investing public.

### **Pension Consulting**

TAG offers pension consulting services to employee sponsored 401K plans. TAG can provide fund structure, fund record keepers, and Third Party Administrators, and may advise on a selection of mutual funds that plan participants can choose as their funding vehicles, while also providing education to plan participants. The Abernathy Group II accepts no compensation from anyone other than the client, to avoid any conflicts of interest.

As of January 1, 2022 TAG has \$ 73,351,636. in discretionary assets under management. TAG also has approximately. \$76,465,152. in non-discretionary under advisement. With respect to assets under advisement, TAG provides investment advice in the same manner it does for discretionary assets under management but TAG does not execute transactions for these accounts. With respect to assets under advisement, TAG provides families with investment recommendations and the families are responsible for implementing such recommendations.

### **Written Acknowledgement of Fiduciary Status**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries 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. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

## **Item 5 Fees and Compensation**

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TAG charges fees on a percentage of assets under advisement or management. The fees for discretionary assets under management and non-discretionary assets under advisement may be identical but are subject to negotiation.

### **The Abernathy Group II Family Office**

The fee for Family Office services ranges from 0.29%-1.25% of assets under advisement or management per year. TAG charges a reduced fee of 0.09% - 0.29% of assets under advisement for Family Office Clients that also use TAG's Business Advisory Services.

If a Family Office client receives Business Advisory Services, the fees for such services may be in addition to the family office fees. The fees for the Business Advisory Services may be billed on a project by project basis, and may take into account the amount of time, and/or travel, and/or individuals outside of TAG involved, and out of pocket costs are incurred in the process of creating strategy and tactics for the Business Advisory Services. If legal, tax, medical, or tax professionals who are not employed by The Abernathy Group Family Office are involved, their costs, if any, will be passed along directly to the recipient of their services. The Abernathy Group II does not receive compensation from any entity other than the client to avoid any conflicts of interest. Business Advisory Services are billed hourly at the rate of \$750 per hour. There is a minimum fee of \$1,000 per year for Business Advisory Services and the client will be charged as specified in the signed client contract outlining the scope of the project and associated the fees and expenses.

### **The Abernathy Group II Separately Managed Accounts**

The fee for separately managed accounts is .39%- 2.00% of assets under advisement or management. For those families who are members of the Abernathy Family Office, the Separately Managed Account may be included in the Family Office Service fee described above.

### **Investment Management to a Private Fund**

The Affiliated Fund charges a fee between 0-2% of assets under management yearly and an incentive fee of 10% of profits, charged quarterly relative to an annual high water mark for all investors who are NOT clients of The Abernathy Group Family Office. There are no extra charges for investors who are Family Office members. If there are no profits generated relative to the annual high water mark, there will be no incentive fees charged. Some investors in the Affiliated Fund are also members of the Family Office. If an investor is a Family Office member, TAG will either charge a fee for Family Office Services on the assets in the Affiliated Fund, or collect the fee charged by Affiliated Fund. The Abernathy Group Family Office Investors will not be charged both a fee for Family Office services and an investment management fee by the Affiliated Fund on assets invested in the fund.

## **Pension Consulting**

The fee for pension consulting ranges from 0.175% – 0.69% of assets in the plan, charged quarterly in arrears.

Fees for the Family Office and Separately Managed Accounts are charged quarterly in advance based on the ending balance on the last day of the preceding calendar quarter. Fees for pension consulting and Family Office clients who receive business advisory services are billed quarterly in arrears based on the ending balance of the last day of the preceding calendar quarter. TAG generally directly debits fees from clients' accounts. Clients may choose to have their fees directly debited or billed.

TAG in its sole discretion may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with families, etc.).

In addition to TAG's fee, clients may pay brokerage and other transaction costs. Clients also may pay charges to financial institutions and other third parties such as custodial fees, charges imposed directly by mutual funds (including money market funds) and exchange traded funds, and deferred sales charges. Additionally, exchanges and federal and local governments may charge transaction fees on purchases or sales of certain mutual funds and exchange- traded funds. These transaction charges are the responsibility of the investor or the owner of the account. The Abernathy Group II does not receive compensation of fees of any type from anyone other than the client to avoid any conflicts of interest.

TAG has no control over the "other fees" described above and does not participate in any of these fees or charges. Further, TAG will do its best to minimize these and all transaction charges and fees. For further information regarding TAG's brokerage practices, see Item 12 of this brochure.

If a client terminates their relationship with TAG in the middle of a quarter, TAG will refund the client any unearned portion of fees paid in advance as of the date of termination.

Steven Abernathy, Edward Coyle and Debra LeMoine are registered representatives of an unaffiliated broker-dealer, Dinosaur Financial Group DBA APB Financial Group "Dinosaur Financial" and may receive commissions the sale of securities or other investment products, including or service fees from the sale of mutual funds. This practice presents a conflict of interest and gives TAG's supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. To avoid any conflict of interest, supervised persons of TAG do not receive commissions on investments held by Separately Managed Accounts and Family Office Clients. However, certain clients of TAG may also have a separate brokerage accounts with APB which are not managed by TAG. Employees of TAG acting as registered representatives of APB may receive commissions on transactions executed in these accounts. Clients have the option to purchase investment products recommended through other brokers or agents that are not affiliated with TAG. See Item 10 for additional disclosure.

## **Item 6 Performance-Based Fees**

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TAG offers Family Office and Separately Managed Accounts, performance based fee structure for qualified clients. The fee is 0.29%-1.25% of assets under management and an incentive fee of 20% of profits. Clients are billed quarterly in arrears based on the ending balance of the last day of the preceding calendar quarter.

TAG is the investment advisor of the Affiliated Fund. The Affiliated Fund has an incentive fee of 10% of profits over a high water mark each year after all expenses are taken into account in accordance with the offering memoranda.

Since TAG and its representatives manage client accounts that are charged both an asset-based fee and a performance based fee and client accounts that are charged solely an asset-based fee, this arrangement creates a conflict of interest. TAG and its representatives have an incentive to favor client accounts where TAG receives both an asset-based fee and a performance fee.

TAG's policies and procedures require the firm to manage client accounts in accordance with the client's objectives and prohibit it from allocating trades or investment opportunities that favor any particular client, group of clients or affiliated and proprietary accounts. To avoid conflicts of interest, The Abernathy Group II Family Office clients are charged fees based on their relationship with The Abernathy Group II Family Office and do not pay fees outlined above.

## **Item 7 Types of Clients**

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TAG generally provides family offices services to accredited individual investors and their families. It also provides services to pension and profit sharing plans, trusts, estates, corporations or business entities and charitable organizations. TAG has a stated account minimum of \$5,000,000.00 for Family Office Services. The management team reserves the ability to modify this account size based on specific variables they believe to be important. For instance, if the management team believes it can add value to a family's decision-making process, and the assets under management are slightly below our minimum account size, we may choose to invite the family to join the Family Office. On the other hand, if we do not believe we will be able to add value to a family's decision-making process, or improve the family's investment returns, or reduce the risk they are taking, and we conclude they are generally well cared for, we may not invite them to become members of the Family Office. TAG may also waive the minimum account size for employees of TAG and their relatives, or relatives of existing families.

TAG provides separately managed account services to individuals and high net worth individuals. TAG has a minimum account size of \$ 250,000.00 for Separately Managed Accounts. TAG management may decide to accept a smaller account provided they believe the account will meet the minimum size over the course of the next year.

TAG also provides investment advisory services to one private fund, the Affiliated Fund. The Affiliated Fund accepts accredited investors only, who have a prior substantive relationship with TAG or with the introducing representative and has a minimum account size of \$1,000,000.00. TAG management may accept lesser amounts at its discretion. This fund is not open to the public and in the future may only be used by certain existing clients of The Abernathy Group.

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

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TAG uses security analysis methods that may include theme-based analysis, fundamental analysis of specific companies' equity and debt securities, technical analysis, and cyclical analysis. We often visit with management of target companies and their competitors.

Our main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases among other sources of data.

TAG may use information from Bloomberg, and information published by most of the major firms on Wall Street, along with conference participation and meetings with other sophisticated investors in the US and Europe.

The primary investment strategy used at TAG is strategic asset allocation utilizing a core and satellite approach. TAG offers 6 different asset allocation strategies with different levels of risk as well as customized strategies for certain families.

TAG also offers The Abernathy Group II Shareholder Activist Separately Managed Account Strategy which seeks to invest in undervalued companies that are the target of a shareholder activist who is acting as the catalyst for change to unlock value for shareholders. The strategy seeks to identify and invest in a small, yet diversified group of activist situations, focusing on those investments that TAG believes to be undervalued, with a clear pathway towards value creation, and a high probability of success (both in terms of the activist achieving their objectives, and those objectives resulting in value creation for shareholders).

Other strategies will be used if a family's goals are not best served with the aforementioned strategies. Other strategies employed to achieve a family's goals may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies among others). Since the management

team at TAG has extensive experience in professional investing and portfolio management, customized investment strategies may be implemented when appropriate.

In asset allocation strategies, TAG generally uses factor-based, passively-managed index and exchange-traded funds as the core investments, as they offer the lowest cost access to market-based performance, while we may add actively-managed funds where there are greater opportunities to make a difference. Portfolios will be globally diversified to control the risk associated with traditional markets when this strategy is appropriate.

The investment strategy for a specific family is based upon the objectives stated by the family during consultations with the family's head, as well as with other family members when they are available and when the consultations are appropriate. The family may change investment objectives at any time, yet we caution that investment objectives should change infrequently and should seldom include reactions to sudden market events. When appropriate, each family will have an Investment Policy Statement which will document their objectives and their desired investment strategy, as well as any specific securities or sectors to avoid, or assets which are not liquid.

All investment programs have certain risks that are borne by the investor.

Our investment approach constantly keeps the risk of loss in mind. However, regardless of how diligent TAG remains, investors face the following investment risks:

- **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:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation. We believe this is one of the most significant risks for investors between 2010 and 2020.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk. When the dollar falls in value, US citizens buying power will be reduced, thus increasing the probability of inflation in the future. When the dollar rises in value, US citizens buying power may increase.
- **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. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity regardless of the economic environment.
- **Mutual Fund /ETF Risk:** Most mutual funds fall into one of three main categories – money market funds, bond funds and stock funds. Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss. Clients should read a fund’s prospectus and shareholder reports to learn about its investment strategy and the potential risks before investing.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. If an investor needs to convert an investment into cash, the investor may have to offer to sell the investment at a bargain price to entice a buyer to pay cash for the investment. This is liquidity risk. 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.
- **Financial Risk:** Excessive borrowing to finance a business’ operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Private investment fund Risks:** 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 investor for review and consideration. Unlike other liquid investments that an investor may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective investor will be required to complete a Subscription Agreement, pursuant to which the investor shall establish that he/she/it is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.
- **Cybersecurity Risk:** Although TAG has taken measures to decrease the risks associated with a cybersecurity event, the computer systems, networks and devices used by TAG and its service providers potentially can be breached. A client and investor could be negatively impacted as a result of a cybersecurity breach. A cybersecurity breach could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information of clients and investors. A cybersecurity breach may also cause disruptions and impact business operations potentially resulting in a financial loss to a client or investor.

## **Item 9 Disciplinary Information**

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The firm and its employees have not been involved in legal or disciplinary events that need to be reported.

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

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Steven Abernathy, Edward Coyle and Debra LeMoine are registered representatives of Dinosaur Financial Group DBA APB Financial Group. Wedbush is the independent custodian and clearing broker for Dinosaur Financial. For Separately Managed Accounts held in custody at other qualified custodians, transactions will be executed at the custodian, provided the qualified custodian has the ability to deliver competitively priced executions on a timely basis. To minimize any potential conflict, clients choose where to have assets held in custody, and select the broker dealer through which securities transactions are executed. Employees of TAG do not receive commissions for trades executed in Separately Managed Accounts.

In addition, certain clients of TAG may also have a separate brokerage accounts with Dinosaur Financial which are not managed by TAG. Employees of TAG acting as registered representatives of APB may receive commissions on transactions executed in these accounts. Employees of TAG may also receive commissions as registered representatives of Dinosaur Financial for brokerage accounts at Dinosaur Financial held by non-TAG clients. In this capacity, TAG employee may purchase and sell the same or similar investments as TAG clients for discretionary brokerage accounts. TAG reviews all trading in discretionary brokerage accounts managed by employees. If a discretionary brokerage account purchases or sells a security on the same day or at the same time as a TAG client, the discretionary brokerage account must get the same price or a higher price if purchasing a security, and must get the same price or a lower price when selling a security.

TAG is the Investment Adviser for The Affiliated Fund. A related person of TAG is the General Partner of The Affiliated Fund. The Affiliated Fund may execute transactions through Dinosaur Financial. TAG attempts to operate The Affiliated Fund as efficiently as possible. To minimize any potential conflict, employees of TAG do not receive commissions for trades executed by the Affiliated Fund.

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

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TAG's Code of Ethics (the "Code") requires that all supervised persons act in the best interests of TAG's clients at all times. Simply put, this means supervised persons may not engage in conduct that puts their interests or the interests of TAG or themselves ahead of the interests of clients in any way. TAG must avoid any circumstances that might adversely affect or appear to affect its

duty of complete loyalty to its clients. Supervised persons are required to act with honesty, integrity and diligence at all times. Supervised persons are required to avoid activities, interest and relationships that interfere with making decisions in the best interests of Company's clients. The Code stipulates that supervised persons are not permitted to use their knowledge of proposed or actual recommendations or transactions to profit personally. The Code also restricts the personal receipt of investment opportunities, or gifts from persons doing or seeking business with TAG that could call into question the supervised person's independent judgment.

Supervised persons are also prohibited from sharing non-public personal information of clients or investors without permission and unless necessary to complete a transaction on the client's or investor's behalf.

TAG has an ownership Interest in the Affiliated Fund as investors in the fund. In addition, TAG has a financial interest in the fund because a related person is the general partner of the fund. TAG may also recommend that clients invest in the Affiliated Fund. If an investor is a Family Office member, TAG will either charge a fee for Family Office Services on the assets in the Affiliated Fund, or collect the fee charged by Affiliated Fund. Investors will not be charged both a fee for Family Office services and an investment management fee by the Affiliated Fund on assets invested in the fund. Consequently, an incentive exists to favor the Affiliated Fund and recommend that clients invest in the Affiliated Fund based on TAG's interest. TAG prohibits its supervised persons from allocating trades or investment opportunities that favor any particular client, group of clients or affiliated and proprietary accounts.

TAG and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of clients. If an employee purchases or sells a security on the same day or at the same time as a client, the employee must get the same price or a higher price if purchasing a security, and must get the same price or a lower price when selling a security. All employees must comply with the provisions of The Abernathy Group II LLC Compliance Manual and Code of Ethics.

This summary is qualified in its entirety by TAG's Code of Ethics. Contact Edward Coyle, Chief Compliance Officer at 212-293-3410 or [ecoyle@abbygroup.com](mailto:ecoyle@abbygroup.com) to request a copy of the Code of Ethics.

## **Item 12 Brokerage Practices**

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TAG recommends independent qualified custodians based on the integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

TAG executes all client trades through the client's custodian. While clients have the ability to select their own custodian TAG recommends Charles Schwab. TAG recommends the services of this custodian based on all relevant factors, including: 1) proven integrity and financial responsibility of the firm; 2) the ability of the broker- dealer to provide accurate and timely

settlement of the transaction; 3) the reasonableness of the broker-dealer's commission; 4) the clearance and settlement capabilities of the broker-dealer; 5) the quality of Schwab's balance sheet, 6) any other matter TAG believes is relevant to the selection. The Abernathy Group Family Office does not use Schwab's research offering.

Some clients, including the Affiliated Fund may execute trades through Dinosaur Financial Group. Please see Item 10 for additional information regarding disclosure with respect to this arrangement, the resulting conflicts of interest and how TAG addresses such conflicts of interest.

Not all investment advisers require their clients to use the brokerage and clearing services of select firms. Commissions and transaction fees may be higher than what other broker-dealers charge and this practice could cost clients more money. Further, in using only select firms, TAG could be unable to achieve most favorable execution of client transactions.

TAG does not allow clients to direct brokerage. If a client chooses to use a broker-dealer other than those mentioned above, the client account is advised on a non-discretionary basis and TAG is not responsible for executing the clients' trades.

TAG aggregates trades for clients custodied at the same broker-dealer when it has the ability. All clients receive average price and commission on aggregated trades. If TAG does not combine transactions when it has the opportunity to do so, clients could pay higher brokerage costs.

## **Item 13 Review of Accounts**

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Account reviews are performed quarterly at a minimum by Steven Abernathy, Managing Member, depending upon the owners' preference, and may also be reviewed by others in our firm on a more frequent basis. Account reviews may be performed more frequently when market conditions dictate, or when account owners request a review.

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a family's own situation including any request from the family for a review.

Clients receive periodic communications on at least a quarterly basis, and much more frequently if requested. Most families will have their Balance Sheet updated each day, and have access to this re-valued Balance Sheet at all times via the internet. Written updates are provided at least yearly or more frequently if requested. The written updates may include a net worth statement, portfolio performance statement, and a summary of objectives and progress towards meeting those objectives.

Families are frequently provided net worth statements and net worth graphs that are generated from our family website, built for each family member of the Family Office. These statements are most often updated each and every day based on the prior day's changes in securities owned if any

change was made. Net worth statements used in account reviews often contain approximations of bank account balances provided by the family, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

## **Item 14 Client Referrals and Other Compensation**

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TAG has been fortunate to receive many family referrals, and many client referrals over the years. The referrals may have come from current families, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. TAG generally does not compensate entities not employed at TAG. However, if a client is introduced to TAG by either an unaffiliated or an affiliated solicitor, TAG may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 and any corresponding state securities law requirements. Any such referral fee shall be paid solely from TAG investment management fee, and shall not result in any additional charge to the client. If the client is introduced to TAG by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the TAG written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between TAG and the solicitor, including the compensation to be received by the solicitor from TAG.

The Abernathy Group II Family Office maintains a referral agreement with Central Pennsylvania Physicians Risk Retention Group (CPPRRG). This agreement allows

CPPRRG to offer The Abernathy Group II Family Office services to the members of CPPRRG at a 10% discount to standard pricing, and to receive certain services at the beginning for free. CPPRRG does not receive any compensation for referring The Abernathy Group II Family Office, and The Abernathy Group II Family Office bears all expenses of the relationship with CPPRRG members

TAG does not accept referral fees or any form of remuneration from other professionals when a prospect or family is referred to them. It is important to insure TAG's referrals, if any are made, are free of conflicts and are based on the family's or clients' best interests.

TAG does not receive any other compensation, other than that outlined above.

## **Item 15 Custody**

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TAG has custody of separately managed accounts over which it has discretionary authority because it has the ability to directly debit fees. TAG also has custody of the Affiliated Fund. The Affiliated Fund is audited by an independent public accountant in accordance with GAAP and annual audited financial statements are distributed to the investors.

All clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by TAG.

## **Item 16 Investment Discretion**

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TAG accepts discretionary authority to manage securities accounts on behalf of families who are members of Family Office, and Separately Managed Accounts in its investment advisory agreements. If discretionary authority is given to TAG, we will have the authority to determine, without obtaining specific family consent, the securities to be bought or sold, the amount of the securities to be bought or sold and the timing of the securities to be bought or sold.

## **Item 17 Voting Client Securities**

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TAG does not vote client proxies. Clients will receive proxies directly from their custodians. Clients may contact Edward Coyle, Chief Compliance Officer at 212-293- 3410 or [ecoyle@abbygroup.com](mailto:ecoyle@abbygroup.com) if they wish to discuss a particular solicitation. TAG may take advantage of its delegated authority to vote proxies on behalf of The Affiliated Fund, pursuant to an IMA between the Fund and the General Partner.

## **Item 18- Financial Information**

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TAG does not have any financial impairment that will preclude the firm from meeting contractual commitments to family members of The Abernathy Group II LLC Family Office, The Abernathy Group II LLC Separately Managed Account, and The Abernathy Group Growth Fund LP.

A balance sheet is not required to be provided because TAG does not serve as a custodian for family funds or securities, and does not require prepayment of fees of more than \$1,200 per family, and six months or more in advance.