



Abbilon Investments

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Client Brochure

Form ADV Part 2A

This brochure ("Brochure") provides information about the qualifications and business practices of Abbilon LLC ("Abbilon," "Abbilon Investments," or the "Firm"), a registered investment adviser. Registration does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at admin@abbilon.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 Abbilon also is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 4. Advisory Business

A. Overview

Abbilon LLC (“Abbilon,” “We,” or the “Firm”) is a registered investment adviser offering investment advice and management services via the internet. We believe we can help any person, regardless of income, education or place of residence, achieve financial independence through direct investments in individual stocks.

Besides being an internet only firm, We are different in the following respects:

- **We Recommend and Manage Portfolios Comprised of Individual Stocks.** Traditional investment advisers usually recommend mutual funds to their private individual clients (as distinguished from institutional and high net worth clients). The vast majority recommend so called asset allocation strategies implemented by splitting the client’s assets in several Index Funds, Exchange Traded Funds (“ETFs”), or actively managed mutual funds. Based on the historical returns for individuals who invest in asset allocation strategies, we believe this is the wrong approach. We believe direct investments in carefully selected shares of good companies is the best way to earn superior investment returns over long periods.
- **Clients Pay Only When Annual Results are Positive.** We charge an all-inclusive annual Service Fee of 1% of the market value of your account (charged quarterly in arrears). But if the total annual return on your account is negative, the annual Service Fee for the corresponding year is waived.
- **No Account Minimums.** We do not require minimum balance to start or maintain your account. You can invest any amount, anytime.

Our founder and principal owner is Oriosto Medrano. We began offering our services to the public in November 2017.

B. Advisory Services

We offer investment advice and portfolio management services online as follows:

- (i) Based on the answers you provide to our online questionnaire, we will recommend an investment portfolio of individual company shares that we believed is best suited to achieve your long-term financial goals;
- (ii) Once you accept the portfolio recommendation, you'll grant us discretionary authority to buy, sell, or hold securities on your behalf. In other words, we will manage your investments for you; and
- (iii) As your investment adviser, we have a fiduciary duty to act always in your best interest. That means We will review and monitor your investments on a regular basis, making trades on your behalf whenever we believe, based on reasonable diligence, that such changes are in your best interest.

We are an ONLINE ONLY investment adviser. Therefore, your relationship with us will be strictly via internet and other forms of electronic communications. Before hiring us as your investment adviser, please remember that:

- i. You must acknowledge your ability and willingness to conduct business with Abbilon electronically via internet or e-mail. Abbilon does make individual representatives available to discuss investments or servicing matters with any Client.
- ii. We recommend investment portfolios to you based solely on the information You provide to us online. We do not verify whether the answers you provide are accurate or complete. Since we rely on the information you provide to make investment selections for you, You must promptly notify us of any changes in your financial situation or investment objectives.
- iii. The investment portfolios we recommend are comprised of a relatively small number of individual stocks and cash. We believe this is the best way to earn superior returns over time. However, concentrated portfolios can be more volatile than portfolios comprised of mutual funds or many different securities.
- iv. We use proprietary quantitative models to rate each company's fundamental quality, financial safety, and intrinsic value. Each portfolio is comprised of the group of stocks which, according to our judgment, offers the best combination of protection against permanent loss of capital (regardless of past volatility) and investment returns.
- v. You must agree to receive all Account information and Account documents (including this Brochure), and any updates or changes to same, through Abbilon's website and Abbilon's electronic communications.

- vi. Unless noted otherwise on www.abbilon.com or within this Brochure, Abbilon's advisory service, the signature for the Account Agreement, and all documentation related to the advisory services are managed electronically.
- vii. We do not allow Clients to select their own investments or set investment restrictions.

C. How We Tailor Our Advisory Services

We offer eight different risk-optimized investment portfolios of individual stocks. Each portfolio is designed to meet the investment needs and goals of individuals within a certain age range and net worth. Our software assigned one of those portfolios to you based on the answers you provide.

Unlike other advisers, we do not believe in so called "risk tolerance" levels (much less asking the client what her or his "risk tolerance" is). All our investment portfolios are conservatively constructed with avoidance of permanent loss of principal as the primary goal and earning a fair return as the second. To pursue this strategy, we will invest your money in a stock only when a wide margin of safety between current price and intrinsic value exists. This approach, in our judgment, offers the best combination of risk protection and potential for high returns regardless of your "risk tolerance."

Therefore, the primary difference between the portfolios recommended to clients of different ages is the stage in the life cycle of the companies comprising the portfolios. For example, the portfolio we recommend to persons between the ages of 18 and 28 might be comprised primarily of companies in the early stages of their life cycle (i.e., new, small, high growth companies which reinvest their earnings instead of paying dividends). The portfolios we recommend to persons approaching retirement, on the other hand, are comprised primarily of large, mature companies that pay dividends.

Diversification is another tool we use to manage the level of risk in your portfolio. We use proprietary mathematical models to help us select companies different, relatively uncorrelated industries and regions. Proper diversification can help reduce the level of risk and volatility (which are not the same), but it cannot guarantee returns or avoidance of loss.

We do permit clients to choose their own investments or to restrict the type of investments we choose for them. All investments we select for you must meet our safety, fundamental quality, and intrinsic value requirements.

D. Investment Minimums

There are not minimum investment requirements to start or maintain an account.

E. Asset Under Management

As of March 30, 2018, we manage \$_____ on a discretionary basis.

Item 5. Fees and Compensation

F. Service Fee

The fee for our services is 0.25% of the market value of each account per quarter (1% annually). This fee covers all trading commissions, investment advice and portfolio management costs. This Service Fee is calculated quarterly in arrears, based on the net market value of the Client's Account at the end of each quarter (i.e., 0.25% quarterly) using the closing prices of each security on the last trading day of the quarter. The Service Fee is deducted directly from the Client's Account.

We reserve the right to negotiate, reduce or waive the advisory fee for certain clients for any period. In addition, Abbilon may reduce or waive its fees for the Accounts of some Clients without notice to, or fee adjustment for, other Clients.

Abbilon has entered into an agreement with Third Party Trade, LLC ("TPT"), an independent broker-dealer, whereby TPT provides custody and trading services to Abbilon clients in exchange for a portion of the Service Fee Abbilon charges its clients.

G. Non-Performance Waiver

Abbilon will reimburse the service fee for any full year period where the account's total return is negative. We will not waive the Service Fee if the account is terminated before the current full year period is complete.

H. Cancellations and Terminations

At any time, a Client may terminate an Account, or withdraw all or part of the money in an Account, or update her investment profile, which may initiate an adjustment in the Accounts' holdings. In that case, we will sell the securities in the Client's Account (or portion of the Account, in the case of a partial withdrawal or update) at market prices at the time of the termination, withdrawal or update. In cases where a client requests a transfer or withdrawal from her account, it may take 5 to 10 days for the money transfer to be completed.

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

Abbilon does not charge performance-based fees. Our advisory fees are only charged as disclosed above in Item 5.

Item 7. Types of Clients

We offer investment management services to primarily to individuals. Our services are also available to institutional investors, including, but not limited to, corporations, pensions and endowments, trusts, estates, and charitable organizations, and other business entities, through separately managed accounts.

Individuals can open taxable investment accounts as well as Individual Retirement Arrangements (IRAs) and Roth IRAs.

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

Our Investment Strategy

Our investment strategy is simple: we try to buy shares of “good” companies when they are cheap in relation to their “intrinsic” value. A company is “good” when, according to our quantitative and qualitative methods of analysis (explained below), it possesses the following characteristics:

- i. **Sustainable Earning Power.** Its product or services are highly desirable or necessary and difficult to forgo or substitute;
- ii. **High Profit Margins:** Annual returns on invested capital are significantly above the cost of capital;
- iii. **Good Growth Prospect:** the company operates in industries with significant room for profitable reinvestment of earnings;
- iv. **Financial Strength:** the company has the financial means to withstand business downturns for extended periods; and
- v. **Have a Culture of Innovation:** The company’s management encourages continuous innovation.

The “*Intrinsic Value*” of an investment is the present value of all the cash it will produce for its owners during its remaining life. Since the future is unpredictable, no person or computer can predict with certainty how much cash a business will produce. The best anybody can do is estimate it. The more we understand the economics of the business, and the more past data about the business we have, the more reliable those estimates are. At Abbilon, we use mathematical models and what we believe are the appropriate discount rates to find the intrinsic value of the companies we evaluate.

Intrinsic Value calculations, however, are both imprecise and subject to change. Two reasonable people looking at the same facts may disagree about what the intrinsic value of a company. Also, many factors such as new competition, technology, regulation, or changes in customer preferences may negatively impact the future cash flows of a business and unexpectedly reduce its intrinsic value. To guard against these risks, we require a “Margin of Safety” before purchasing any security. That is, we buy only when the market price is significantly below our estimate of intrinsic value.

Our investment portfolios are typically comprised of about 15 to 25 companies. We strive to maintain appropriate diversification by choosing companies that operate in different industries and have different economic characteristics. Ideally, the companies in which we invest your money will operate in unrelated industries, so events that affect one company do not affect the others. Given the increasing interconnectedness of the world economy, finding undervalued, yet uncorrelated investments at the same time is becoming more difficult, but it remains our objective.

Our investment strategy is designed to beat the stock market (as measured by the Standard and Poor’s 500 Index, a popular measure of the stock market in the United States) over t periods of five years or longer. The expected superiority of our investment strategy (known as “value investing”) is supported by common sense, logic, and a long history of success. If you buy low and sell high, as the strategy requires, you’re returns should be higher and your risk lower. However, history also shows that most people have difficulty following this investment strategy for extended periods. We believe the reason is mainly psychological – human beings seem hard-wired to focus on the short term and to follow popular opinions. To implement our strategy successfully, we must buy when stocks are significantly undervalued; but companies become significantly undervalued when there is some economic, geo-political, or company specific crisis. Unfortunately, to generate superior investment returns over a long period of years, we must buy when most people are selling, sell when most people are buying, and hold positions contrary to popular opinion for long periods of years. Before investing with us, please consider whether those are emotional pressures you are willing to withstand.

Risk of Loss

Whenever you invest your money - whether in stocks, bonds, mutual funds, index funds or any other investment vehicle - you assume some level of risk. There are different types of risks and therefore different ways to manage or minimize those risks. The following brief descriptions are

meant to explain the types of risks more commonly associated with the investment strategy we employ and the type of investment vehicles we use to implement it:

Volatility.

The prices of stocks, bonds, mutual funds, and all other forms of investments change daily, hourly and by the minute. These frequent ups and downs is known as volatility. Typically, stocks are more volatile than bonds, and small stocks are more volatile than large stocks. One way to minimize volatility in a portfolio is to own many securities or even different types of securities. A portfolio comprised of 10 stocks usually has higher volatility (i.e., price swings are wider) than a portfolio comprised of 500 stocks. Also, a portfolio comprised by 70% stocks and 30% bonds is less volatile than a portfolio comprised of 100% stocks. Volatility is caused primarily by the differences of opinion among investors.

During periods of economic or political uncertainty, daily price swings become bigger. Many commentators, however, draw an incorrect conclusion from observing spikes in volatility: They say small investors have no chance in a market now dominated by the erratic behavior of the big institutions and hedge funds. This conclusion is dead wrong. Such markets are ideal for any investor - small or large - so long as he sticks to his investment strategy. Volatility, often caused by investors who speculate irrationally with huge sums, offers more chances for well-informed long-term investors to make intelligent investment moves.

Abillon clients should expect to experience considerable volatility in their quarterly and annual results. That's assured by the general volatility of the stock market, by the concentration of our portfolios in relatively few companies, and by our preference for small and misunderstood companies. We not only accept this volatility but welcome it: A tolerance for short-term swings improves our long-term prospects. In football parlance, we measure our performance by points scored, not yards ran.

Permanent Loss of Value.

Another type of risk, and the one we believe is more significant, is the risk of permanent loss of value. The risk that a business will lose its ability to generate cash at a profit due to competition, changes in client preferences, regulations, or any other reason. For long term investors, this should be the main concern. We guard against this risk by investing in companies that, in our opinion, have strong competitive advantages, financial strength to withstand temporary business declines, and a culture of innovation.

Equity Securities Risk.

Equity securities (i.e., stocks) fluctuate in value in response to many factors, including the activities, results of operations, and financial condition of individual companies; the business market in which individual companies compete; industry market conditions; interest rates; and general economic environments. In addition, unforeseeable events such as domestic and international political instability, terrorism and natural disasters may cause sudden and significant price declines in equity securities.

Value Style Risk

Abbilon strives to adhere to a value investment philosophy. This means we try to buy investments when the market price is significantly below our estimate of intrinsic value. This approach presents two kinds of risks: First, the market may continue to disagree with us about the true value of the investment indefinitely. Second, the underlying business may fail to perform as expected and the price or value we anticipated may never materialize.

Small Company Risk

Abbilon may invest a significant part of your assets in small or medium size companies. Historically such companies are more likely to be undervalued by market participants. The price of small and medium-sized companies, especially those competing in newer fields or industries, tend to swing up and down more frequently and within a larger range than big companies. Also, smaller companies are usually more vulnerable to adverse developments such as economic downturns, competition, business plan execution, loss of key employees, etc.

Concentration Risk

Abbilon's investment strategies typically recommend investing a diverse but relatively small group of companies. This type of strategy may offer higher returns but also the risk of amplified losses that may occur from having a large portion of your holdings in a investment, asset class or market segment relative to your overall portfolio.

Item 9. Disciplinary Information

None. Abbilon has not been subject to any disciplinary events, nor is it party to any legal disputes or litigation.

Item 10. Other Financial Industry Activities and Affiliations

None.

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

Code of Ethics

Abbilon maintains a code of ethics that requires all officers and employees to conduct themselves with the highest standards of honest conduct and business ethics in all aspects of their activities concerning Abbilon and Abbilon clients. A copy of Abbilon's Code of Ethics is available to clients and prospective clients upon request.

A copy of Abbilon's Code of Ethics is available by request by sending an email to support@abbilon.com.

Participation or Interest in Client Transactions

Abbilon and its associated persons are prohibited from buying securities from or selling securities to any Abbilon client. Abbilon and its associated persons may buy or sell securities issued by the same companies they recommend to Abbilon clients, provided they are not using their knowledge of Abbilon Client's positions, holdings or trading intentions or patterns to make trading decisions in such securities.

Personal Trading

Abbilon expressly prohibits any person associated with us from trading securities based on material, non-public information for themselves or others.

Item 12. Brokerage Practices

In selecting broker-dealers to execute transactions for its clients, Abbilon seeks the best available overall terms, based on a variety of factors, including the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the

competitiveness of commission rates; the borrowing terms or securities lending arrangements available from the broker; and the financial strength, integrity, and stability of the broker.

Recognizing the value of these factors, Abbilon may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction or series of transactions. Abbilon regularly evaluates the placement of brokerage and the reasonableness of commissions paid. However, the Firm is not obligated to solicit competitive bids or seek the lowest available commission costs.

Although Abbilon also may consider the quality, comprehensiveness, and frequency of available research and related services to be of value, Abbilon will not receive any "soft dollar" benefits from brokers. If in the future Abbilon determines that it will accept research, it will pay using hard dollars or soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended. It will be disclosed and used generally for the benefit of all clients.

The Firm does not consider client or investor referrals in selecting or recommending broker-dealers.

The Firm does not recommend, request, require, or permit clients to direct brokerage.

The Firm follows procedures designed to allocate trading opportunities fairly and equitably among Clients. If a Fund and any other Firm-sponsored investment entity attempt to place orders in the same instrument, in the same direction, and at the same time, the Firm's systems will not combine the orders but will randomly allow one order to go first, thus allowing one trading entity to enter the market before the other. In addition, the Firm has no control over the timing or manner in which orders will be filled, and therefore, an order that enters the market first may not be filled first or may not be filled at all. The Firm does not engage in post-trade allocations among orders placed by a Fund and any other Firm-sponsored investment entity.

As of this filing, all Client Account trades are executed using Third Party Trade LLC, a subsidiary of Third Party Trade Group Inc. Pursuant to an Agreement for Services, TPT provides trading services to Abbilon Clients for a negotiated portion of the Service Fee Clients pay Abbilon. TPT does not charge separate or additional trading commissions to Abbilon Clients.

Abbilon usually aggregates securities buy and sell orders for multiple Clients when we determine that two or more Clients need to buy or sell a security on the same date and time. In such event, each

Client will pay or receive the average price of the securities purchased or sold in such aggregated transaction. As a result, the price may be either higher or lower to the Client than it would be if similar transactions were not being executed concurrently with other Clients.

When buy or sell orders are not filled completely, Abbilon allocates the securities bought or sold pro-rata, based on the size of the orders placed on behalf of each Client. If for some reason pro-rata allocation is not feasible, Abbilon will allocate securities bought or sold on a random basis. The goal of these policies is to ensure that all Clients receive fair and equal treatment over time.

Item 13. Review of Accounts

Reviews of Client Accounts

Abbilon uses software to review and update Client Accounts on a regular and constant basis. Certain events or changes in circumstances may prompt ad hoc reviews; these include significant market events affecting the prices of one or more securities held by a Client, changes in investment objectives or guidelines of a Client, or specific arrangements with Clients.

Reports to Clients

Abbilon provides quarterly reports to Managed Account Clients containing the account balance, holdings, and fees charged as of the closing date of the period. All reports are written and provided via email or other electronic means such as posted on the www.abbilon.com website.

Clients can access their accounts at any time and from any device with internet connection by logging in to their Account. When logged in, clients can view their holdings and account balance, which is updated with prices as of the most recent market close.

Item 14. Client Referrals and Other Compensation

Abbilon does not pay third parties for client referrals as of the date of this Brochure. However, we reserve the right to enter into referral arrangements in the future without prior notice. For example, Abbilon expects from time to time to run promotional campaigns to attract Clients to open Accounts on www.abbilon.com. These promotions may include additional Account services or products offered on a limited basis to select Clients, more favorable fee arrangements, or reduced

advisory fees for Clients. We may implement an Invite Program pursuant to which Clients may invite friends, family and others to open an Abbilon Account in exchange for rebates or fee reductions or other compensation.

These arrangements may create an incentive for a third-party or existing Clients to refer prospective Clients to Abbilon, even if the third-party would otherwise not make the referral. These arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through Abbilon if doing so would result in eligibility to receive an incentive, bonus or additional compensation. Abbilon may also pay pre-determined fees to third-parties for directing new users to Abbilon, which may be in the form of so-called CPM, CPC or CPA arrangements (respectively, impressions, clicks or acquisition through other websites). For example, Abbilon may advertise on various social media and other websites, including sites on which bloggers may write articles about Abbilon and its services, and pays an advertising fee based upon the potential client leads (but not new client account openings) generated by those advertisements.

Abbilon exercises no editorial control over such sites. While it is not a common practice, Abbilon from to time may engage solicitors whom it would pay for Client referrals. If so, Abbilon will disclose this practice in writing to the affected Clients and comply with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent required by applicable law.

Item 15 Custody

Abbilon does not act as custodian for any Client assets. We use “Qualified Custodians” such as registered broker-dealers or banks, to act as custodians for Client Accounts as required under the Advisers Act. Qualified custodians are expected to provide account statements at least quarterly that show all holdings and activity. We strongly recommend that clients compare the portfolio holdings listed in Abbilon’s website accounts to reports against those provided by the qualified custodian and immediately alert both institutions if they notice any discrepancies.

Item 16 Investment Discretion

Clients who decide to retain Abbilon as their investment adviser must complete and execute a Abbilon Client Account Agreement (“Account agreement”). Under the terms of the Account

Agreement, Abbilon assumes full discretionary trading and investment authority over the Client's assets held with TPT or other custodians as the case may be. This means that Abbilon is given full authority under a power of attorney arrangement to select the timing, size, and identity of securities to buy and sell for the Client as well as enter into, amend or terminate contracts relating to the account.

A Client should understand that subject only to Abbilon's fiduciary duties, Abbilon's full discretionary trading and investment authority over the Client's assets held with the custodian means that the timing, size, and identity of securities to buy and sell for trades for Client Accounts is completely within Abbilon's discretionary authority, and while Abbilon seeks to respond to Client deposits, Client changes in risk profiles, Client withdrawal requests and other reasonable Client requests in a timely and reasonable manner, Abbilon does not represent or guarantee that Abbilon will respond to any such Client actions or requests immediately or in accordance with set time schedule.

Further, Abbilon is not responsible to Client for any failures, delays and/or interruptions in the timely or proper execution of trades or any other trading instructions placed by Abbilon on behalf of Client through TPT or any other third party broker-dealer due to any reason or no reason, including without limitation any or all of the following, which are likely to happen from time to time: (A) any kind of interruption of the services provided by TPT or its clearing or executing broker-dealers or Abbilon's ability to communicate with TPT or its clearing or executing broker-dealers (B) hardware or software malfunction, failure or unavailability; (C) TPT system outages; (D) internet service failure or unavailability; (E) the actions of any governmental, judicial or regulatory body; and/or (F) force majeure.

Item 17 Voting Client Securities

Abbilon, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the Clients. We maintain written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about

the voting of proxies for their portfolio securities and maintaining relevant and required records. Clients may request information regarding how Abbilon voted a client's proxies, and clients may request a copy of the firm's proxy policies and procedures by emailing support@Abbilon.com.

Item 18 Financial Information

This Item is not applicable because Abbilon does not require or solicit the prepayment of any advisory fees, and does not have any adverse financial condition that is reasonably likely to impair our ability to continuously meet our contractual commitments to our Clients.