

Abacus Global Management: Funding the Next Phase of Growth

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On September 25, Abacus Global Management announced a dual-tranche, investment-grade-rated securitization of life insurance policies valued at **more than \$400 million**. The announced value includes Class A and B notes and a residual interest. The release did not state cash proceeds, note principal by class, coupons, advance rate, or the value and risk of the retained interest. Management said proceeds were expected to support policy origination and general corporate purposes; Abacus affiliates would continue servicing the policies. Management described the transaction as advancing the company toward a greater share of recurring fee-related revenue. Whether the transaction improves recurring economics-and by how much-was not yet visible in public disclosures. [C3]

The decision

Assume you advise Abacus's leadership after the September transaction. How should the company allocate incremental capital and risk capacity among policy origination and securitized assets, fee-paying funds, technology and wealth initiatives, and liquidity, debt service and shareholder returns? This is a classroom decision exercise; Abacus has not disclosed that management is debating these specific alternatives.

The paths are not mutually exclusive:

1. **Lean into policy assets and securitization.** Use the funding channel to support more policy origination or ownership, subject to returns after premiums, financing, servicing and retained risk.
2. **Prioritize fee-paying funds and distribution.** Seek to grow third-party and registered-fund assets and management/servicing fees, while monitoring flows, fee rates and investor liquidity.
3. **Fund technology and wealth initiatives.** Continue investment in tokenization, wealth distribution and platform capabilities, with milestones tied to customer adoption and contribution.
4. **Preserve financial flexibility.** Retain liquidity, reduce debt or return capital where risk-adjusted growth economics do not clear an appropriate hurdle.

Decide which activities should receive priority, what evidence would change your choice, and what should be measured before committing further resources. Do not infer an available cash pool from the reported cash balance or the securitization headline.

A business with several revenue engines

Abacus operates life policy solutions, asset management and technology services. For the six months ended June 30, 2026, it reported \$132.4 million in revenue: \$116.0 million from Life Solutions, \$15.7 million from Asset Management and \$0.7 million from Technology Services. Asset Management revenue declined 5.2% from the prior-year period. Management attributed the decline mainly to lower assets in Carlisle and ETF funds and said there were no significant performance fees. Life Solutions revenue increased, with policy transactions and fair-value movements contributing materially. [C1]

The mix matters. Q2 net revenue from policies measured under the fair-value method included \$50.2 million from non-related parties and \$11.3 million from related parties. Separately, net revenue from related-party policy sales included \$56.1 million of realized gains, less \$42.3 million of reversals of prior unrealized gains and \$2.4 million of premiums. Policy revenue, realized gains, sale proceeds, management fees and cash are not interchangeable measures. [C1]

At June 30, Abacus reported \$3.238 billion of fee-paying assets under management (AUM), including \$2.572 billion in longevity funds and \$0.666 billion in ETFs. It also reported \$0.299 billion of non-fee-paying policy assets, bringing total AUM to \$3.537 billion. In the first half, fee-paying AUM had \$665.6 million of inflows, \$454.9 million of outflows and a negative \$143.7 million change in value. The rollforward also includes \$84.0 million of LMA Income Series II policies; the filing says recurring revenue generated on these policies is eliminated in consolidation. Gross inflows are not net fundraising, fee revenue or investment return. [C1]

Earnings, cash and obligations

Q2 revenue was \$73.0 million, compared with \$56.2 million a year earlier. GAAP net income was \$6.6 million, down from \$17.6 million. The results release also reported adjusted net income of \$27.1 million, adjusted EBITDA of \$39.9 million and a 54.7% adjusted EBITDA margin. These are issuer-defined non-GAAP measures. They do not replace GAAP earnings or establish cash available for investment. [C1, C2]

At June 30, cash and cash equivalents were \$23.4 million. Debt, net of issuance costs, was \$330.6 million, including \$39.8 million current. Policy assets carried at fair value totaled \$383.0 million and were classified as Level 3. Management stated that twelve-month liquidity was sufficient and that it did not expect covenant noncompliance. [C1]

First-half operating cash flow was \$130.9 million, versus \$14.5 million in the prior-year period. The 10-Q attributed the increase principally to \$42.7 million more in net policy settlement sales, a \$59.8 million decrease in fair value of held policies, and a \$21.5 million increase in related-party payables. That period's cash flow should not be treated as a stable recurring run rate. [C1]

Strategy and a disclosure wrinkle

The FY2025 10-K said Abacus completed a first \$50 million investment-grade securitized note in October 2025 and expected securitization to become a consistent funding source alongside third-party policy sales and in-house managed funds. The same filing also contains categorical language that the company does not and does not intend to securitize. The FY2024 10-K similarly presents securitization as a future opportunity in one section and states no intent in another. These filings are internally inconsistent; the public record does not support treating them as a clean change in intent. [C4, C5]

Abacus has also described tokenization of policies, the launch of the ABXGX registered interval fund after quarter end, a \$53 million minority investment in Manning & Napier completed in May, a live referral channel and the rollout of LifeARC. These are management-reported initiatives. The public information cited here does not provide standalone budgets, customer conversion, returns or unit economics for them. [C1, C2]

The funding route is not unique to Abacus. Coventry announced that its LILY program had completed four asset-backed securitizations since April 2025 and reached \$1 billion of life-insurance-backed financing as of August 2026. Its announced program figure and Abacus's total structure value are not comparable measures of proceeds, risk or performance. [C6]

Exhibits

Exhibit 1. Q2 2026 operating snapshot

Metric	Q2 2026	Q2 2025	How to read it
Revenue	\$73.0m	\$56.2m	GAAP reported
Net income	\$6.6m	\$17.6m	GAAP reported
Adjusted net income	\$27.1m	-	Issuer-defined non-GAAP
Adjusted EBITDA	\$39.9m	-	Issuer-defined non-GAAP
Adjusted EBITDA margin	54.7%	-	Issuer-defined non-GAAP

Source: C1, statement of operations p. 3 and MD&A p. 42; C2, Q2 results release pp. 1-3. Adjusted measures are not GAAP earnings or cash flow.

Exhibit 2. H1 2026 revenue by segment

Segment	Revenue	Share of total
Life Solutions	\$115.992m	87.6%
Asset Management	\$15.675m	11.8%
Technology Services	\$0.743m	0.6%
Total	\$132.410m	100.0%

Shares are calculated from reported segment and total revenue. Asset Management revenue was down 5.2% year over year; management cited lower Carlisle/ETF AUM and no significant performance fees. **Source:** C1, MD&A pp. 42-47 and segment tables pp. 49-53.

Exhibit 3. Fee-paying AUM bridge, H1 2026

Component	Amount
Opening fee-paying AUM	\$3,087.268m
Inflows	+\$665.594m
Outflows	-\$454.913m
Change in value	-\$143.729m
LMA Income Series II policies included in fee-paying AUM	+\$83.978m
Closing fee-paying AUM	\$3,238.198m

The components reconcile to the reported close. The filing says recurring revenue generated on the LMA Income Series II policies is eliminated in consolidation; the \$83.978 million item therefore does not imply incremental consolidated fee revenue. At June 30, \$0.299 billion of policy assets was non-fee-paying; total AUM was \$3.537 billion. **Source:** C1, MD&A, "Assets

Under Management,” p. 50 and pp. 49-51 for AUM definitions and totals.

Exhibit 4. Balance sheet and first-half cash generation

Measure at June 30, 2026	Amount	Classification
Cash and cash equivalents	\$23.388m	GAAP balance-sheet amount
Debt, net of issuance costs	\$330.610m	GAAP carrying amount; includes \$39.794m current
Policy assets at fair value	\$383.044m	Level 3 fair value
H1 operating cash flow	\$130.946m	GAAP cash-flow measure

Management attributed the year-over-year H1 operating-cash-flow increase principally to net policy settlement sales, a lower fair value of held policies and a higher related-party payable.

Source: C1, balance sheets pp. 1-2, Note 13 pp. 23-28, Note 14 pp. 28-31, and MD&A pp. 62-64.

Exhibit 5. September 2026 securitization: disclosed and undisclosed

Disclosed by the company	Not stated in the September 25 release
Dual-tranche, investment-grade-rated transaction; total structure value greater than \$400m, including Class A/B notes and residual interest	Cash proceeds; note principal by class; coupon and transaction costs
Expected use of proceeds: policy origination and general corporate purposes	Advance rate, reserves/overcollateralization and retained first-loss exposure
Abacus affiliates continue servicing the collateral	Residual valuation, recourse/triggers, covenants, servicing economics and incremental returns

Source: C3, paragraphs 1-4. “Structure value” is not equivalent to cash proceeds, debt principal, equity raised or distributable cash.

Exhibit 6. Capital-allocation questions

Potential use	Evidence currently available	Missing decision evidence
Originate/own policy assets and securitize	September transaction announced; policy balances and fair values disclosed	Net proceeds, all-in funding cost, retained risk, cohort cash flows and risk-adjusted return
Grow fee-paying funds	AUM, gross inflows/outflows, segment revenue	Fee rates, net retention, redemptions, distribution costs and product-level margins
Invest in technology/wealth	Management-reported tokenization, ABXGX, referral channel and platform rollout	Budget, conversion, customer economics, contribution and return milestones
Preserve liquidity, reduce debt or return capital	Cash, debt, maturities and management liquidity statement	Minimum liquidity, post-transaction headroom, after-tax debt cost and board return hurdle

Sources: C1-C3. Missing items are not disclosed in the cited materials.

Assignment

Prepare a short recommendation to Abacus's leadership:

1. Which one or two uses of incremental capital and risk capacity should receive priority, and what should remain conditional?
2. What return, liquidity, valuation and governance evidence would you require before committing more?
3. Which reported metric would you monitor first, and what result would make you change course?

You may combine or sequence the paths. Any proposed budget, return threshold or allocation is your own assumption and must be labeled. The case does not provide enough information to calculate a company-specific optimal allocation.

Source notes

- **C1:** Q2 2026 Form 10-Q, filed Aug. 10, 2026; [SEC filing](#).
- **C2:** Q2 2026 results release, Aug. 6, 2026; [issuer release](#). Non-GAAP metrics and management statements are attributed.
- **C3:** Securitization announcement, Sep. 25, 2026; [issuer release](#).
- **C4:** FY2025 Form 10-K; [SEC filing](#).
- **C5:** FY2024 Form 10-K; [SEC filing](#).
- **C6:** Coventry LILY announcement, Aug. 25, 2026; [company release](#). Illustrative company claim, not a directly comparable benchmark.