



## **FORM ADV PART 2A BROCHURE**

### **Forum Financial Management, LP**

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This brochure provides information about the qualifications and business practices of Forum Financial Management, LP. If you have any questions about the contents of this brochure, contact us at 630-873-8520. 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 Forum Financial Management, LP is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Forum Financial Management, LP is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

The following is a summary of material changes that have been made to this Firm Brochure ("Brochure") since our last annual updating amendment dated February 3, 2021:

### Item 4 - Advisory Business

This section has been updated to reflect the implementation of Exchange-Traded Funds into Forum's portfolios. Forum will primarily use DFA institutional mutual funds and Exchange-Traded Funds (ETFs) to implement a client's portfolio. DFA's approach is based on the efficient market hypothesis. Unlike index funds, DFA's funds generally do not track a specific index and thus avoid the costs of having to buy and sell securities at specific points in time. They are designed to capture specific risk/return characteristics with reliability and transparency. DFA provides financial advisors with a series of stock and bond funds that serve as building blocks, allowing advisors to construct a diversified portfolio that balances risk and reward. Their advantages include low internal cost, tax efficiency, and style consistency.

### Item 12 - Brokerage Practices - Block Trading

This section has been updated to reflect Forum's practices around Block Trading with the implementation of Exchange-Traded Funds into our portfolios. When appropriate, Forum combines multiple orders for shares of the same securities purchased for advisory accounts we manage. Forum averages the executed prices throughout the day at each custodian and then allocates the average price to client accounts. Clients with accounts at different custodians may experience different executed prices.

### Item 12 - Brokerage Practices - Fidelity

This section has been updated to reflect Forum's use of National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") to act as qualified custodian for client accounts. The services received from Fidelity by the firm include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Forum in conducting business and in serving the best interests of their clients but that may benefit Forum. Forum takes into account a blend of different factors in determining which qualified custodian may be used but Clients should be aware that the costs associated with using one qualified custodian as opposed to another will vary. Please refer to Item 12 for complete details regarding our relationship with Fidelity and our Brokerage Practices.

### Item 13 - Review of Accounts - Reports

This section has been removed due to Forum's updated policy of no longer generating and posting quarterly reports. This change will not affect the account statements that clients receive directly from account custodians.

### Item 13 - Review of Accounts - Portfolio Management Services

The Investment Committee member list has been updated in this section. A previously active member of the committee has been removed from the list.

### Item 18 - Financial Information

The previously disclosed loan which Forum received under the Coronavirus Aid, Relief, and Economic Security Act has now been removed from this section.

Forum has made certain routine updates to this Brochure in connection with its annual amendment but does not believe that such updates are material. Consequently, we encourage you to read this Brochure in its entirety.

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## Item 4 Advisory Business

### A. General Description of Advisory Firm

Forum Financial Management, LP ("Forum") is an SEC Registered Investment Adviser with its principal place of business located in Lombard, Illinois. Forum was founded in May 2002. Forum provides fee-based wealth management and financial planning services for individual and institutional clients. In addition, Forum provides services to other independent advisory firms across the country as a sub-advisor. Further, Wealth Advisor Alliance ("WAA"), is a division of Forum that markets Forum's investment management and back office services to other independent financial advisors and independent financial advisory firms.

### B. Advisory Services Offered

#### 1. Portfolio Management

Forum manages client accounts using various model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. Through personal discussions and completion of applicable suitability documentation, each client's investment goals, and objectives and risk tolerance are established. Based on this information, Forum will determine which model portfolio is suitable to the client's circumstances. The client's objectives and Forum's recommended portfolio for each client is then documented in an Investment Portfolio Statement ("IPS").

Forum has a strategic relationship with Dimensional Fund Advisors, LP ("DFA"), an SEC-registered investment advisor. DFA mutual funds are available for investment only by clients of registered investment advisers who work with DFA. This means that if you terminate your advisory relationship with Forum you may not be able to make additional investments in this family of mutual funds unless you work with another authorized DFA advisor.

DFA provides other benefits to Forum such as sponsoring educational events or hosting occasional business entertainment of advisors and staff.

Forum will primarily use DFA institutional mutual funds and Exchange-Traded Funds (ETFs) to implement a client's portfolio. DFA's approach is based on the efficient market hypothesis. Unlike index funds, DFA's funds generally do not track a specific index and thus avoid the costs of having to buy and sell securities at specific points in time. They are designed to capture specific risk/return characteristics with reliability and transparency. DFA provides financial advisors with a series of stock and bond funds that serve as building blocks, allowing advisors to construct a diversified portfolio that balances risk and reward. Their advantages include low internal cost, tax efficiency, and style consistency.

Forum will primarily use DFA funds with the following exceptions:

- When Forum believes individual U.S. treasuries or municipal bonds are a better alternative;
- When there is a benefit to directly holding high yield bonds; or
- For certain asset classes, where Forum has determined that Vanguard offers a better solution.

Forum will, from time to time, enter into additional written agreements with third-party registered investment advisers as it deems appropriate and in the best interests of clients.

Furthermore, Forum will employ an individual bond strategy or individual brokerage Certificates of Deposits (CDs) for a portion of clients' portfolios if Forum deems it appropriate and in the best interests of clients.

#### 2. Qualified Plan Services with Managed Portfolios

Forum also offers Qualified Plan Services which consist of several related advisory services that can be provided separately or in combination depending on the client's needs. While the primary clients for these services will be sponsors of pension, profit sharing and 401(k) plans, Forum can also provide these services, where appropriate, to individuals and trusts, estates and charitable organizations. Forum's Qualified Plan Services are comprised of four distinct services.

- I. Selection of Investment Vehicles: Forum will work closely with the client, the plan administrator and/ or other third parties, to determine if Forum's investment approach is consistent with the client's IPS. Forum primarily uses DFA institutional mutual funds and ETFs as the investment vehicles using model portfolios

that are managed by Forum.

- II. Monitoring of Investment Performance: Plan investment options will be monitored according to the procedures and timing intervals determined by the client and the IPS. Forum will not be involved in executing transactions within the relevant plan in providing these monitoring services.
- III. Employee Communications: For pension, profit sharing and 401(k) plan clients where there are individual accounts with participants exercising control over assets in their own account ("self-directed plans"), Forum can provide educational support and investment workshops designed for the qualified plan participants. The nature of the topics to be covered will be determined by Forum and the client under the guidelines established in Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The educational support and investment workshops will not provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations outside the scope of the retirement plan.
- IV. Managed Portfolios: As part of its Qualified Plan Service, limited to participant-directed plans, Forum also offers the sponsors of tax-qualified retirement plans managed model portfolios that the sponsor can then offer to its plan participants. Qualified plan sponsors engaging Forum to provide this service will have daily access to the performance of their plan participant accounts via a website serviced by the plan's record-keeper.

### 3. Financial Planning Services

Forum also provides investment advice on a more limited basis through consultations with the client. This can include advice on an isolated area(s) of concern or specific topics. Forum provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, Forum can provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

### 4. Seminars

From time to time, Forum offers seminars on estate and retirement planning as well as other investment-related topics. The investment information provided under this service does not purport to meet the objectives or needs of any individual client or portfolio. Following the presentation, attendees are encouraged to meet with a Forum advisor to discuss the current securities and insurance holdings of the participant. Analysis of the attendee's needs and goals may indicate the desirability of utilizing one or more of Forum's programs described in the previous sections.

### 5. Sub-Advisory Services

Forum acts as a turn-key asset manager ("TAMP") or sub-advisor to third-party registered investment advisors ("RIAs") and their clients. In this capacity, Forum generally acts as a sub-advisor to an RIA and offers its model portfolios directly or indirectly to the RIA's clients. In addition, Forum commonly provides back office administration services to the RIAs which include research, trading for the RIAs' clients and rebalancing of the RIA's clients' portfolios. Forum rebalances the client portfolios according to the RIA's specified models or assets allocations, or by Forum's own models if selected by the RIA. In addition, Forum also assists with training, technology implementation and the preparation of quarterly reports for the clients of the RIAs. Finally, Forum facilitates the invoicing of the RIA's clients for fees and manages the payments by the RIA's clients to the RIA.

Forum is not responsible for analysis of the RIA's clients' financial situation, suitability requirements, asset allocations, or restrictions. Moreover, if an RIA's clients retain Forum as a sub-advisor, the RIA will be responsible for providing Forum's ADV Part2A to the RIA's end-user clients.

Due to the fact that Forum's direct clients can be trading the same securities as the securities traded for Forum's indirect RIA clients, there may be a conflict of interest in trade allocation if there is a limited quantity of the investment or in the timing of the trading. Another conflict exists if Forum's direct clients can be trading opposite of the securities traded for Forum's indirect RIA clients if they are following the RIA's portfolio selection or management rather than Forum's. Again, generally, the RIAs have selected Forum to manage the portfolios so the conflicts are minimized.

### **C. Tailoring of Advisory Services and Client Imposed Restrictions**

Once the appropriate portfolio(s) has been determined, the account is generally managed based on the portfolio's goal, rather than on each client's individual needs. Account supervision is guided by the stated objectives of the client (*i.e.*, Aggressive Growth, Growth, Growth and Income, Income and Growth, or Income). Forum will, if appropriate, suggest modifications to the model or an allocation among two or more of the models to more adequately address the client's individual needs. Forum will manage advisory accounts on a discretionary or nondiscretionary basis. Clients that retain Forum to manage their accounts on a non-discretionary basis should note that Forum will trade all discretionary accounts at the same time it notifies non-discretionary clients of recommended trades meaning that non-discretionary client will not have an opportunity to place their trades before the discretionary account orders are entered, so to the extent Forum's recommendations include securities that trade intra-day the non-discretionary trades will of necessity occur after those that are handled on a discretionary basis.

Depending on the investment objectives of the client and the terms of the engagement, Forum will create a model portfolio as described below under Investment Strategies. The types of securities employed to fund the various asset classes of the portfolio generally include institutional style-specific asset class mutual funds, ETFs, U.S. government securities, and municipal bonds. Institutional style-specific asset class mutual funds and ETFs are widely, but not exclusively, used to effectively mirror the asset classes in the model portfolio and minimize client costs.

With respect to sub-advisory services, Forum provides the outsourcing services to the independent advisory firm and services the clients of the investment advisory firm based on the objectives and instructions provided by the independent advisory firm to Forum.

**Please Note: Socially Responsible Investing Limitations.** Socially Responsible Investing involves the incorporation of Environmental, Social, and Governance considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (*i.e.*, securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including the potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Forum Financial Management, LP), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful.

### **D. Wrap Fee Programs**

Forum does not sponsor a wrap fee program or serve as a manager to a wrap fee program.

### **E. Assets Under Management**

As of December 31, 2021, Forum manages approximately \$7,399,287,639 in client assets, with approximately \$7,311,377,383 in client assets managed on a discretionary basis and approximately \$87,910,256 in client assets managed on a non-discretionary basis.

Forum manages \$1,115,189,431 of the \$7,399,287,639 in reportable client assets as a sub-advisor to other investment advisory firms.

## **Item 5 Fees and Compensation**

### **A. Fees and Compensation**

#### **1. Portfolio Management Fees**

The annual fee for Portfolio Management Services will be charged as a percentage of assets under management, after adjustments for cash flows, according to the following standard schedule. This is a tiered schedule; the first tier remains in effect and only incremental Portfolio Value is billed at each specific rate.

The maximum fee schedule is:

<b>Portfolio Value</b>	<b>Annual Fee</b>
<i>From</i> \$ 0 to \$ 999,999	1.20%
<i>Next</i> \$ 1,000,000 to \$ 1,999,999	1.00%
<i>Next</i> \$ 2,000,000 to \$ 4,999,999	0.80%
<i>On amounts over</i> \$ 5,000,000	0.75%

Alternatively, Forum's fees can be charged as a fixed percentage of assets under management or a flat fee but in either case, the fee will not exceed the maximum fee schedule listed above. Additionally, management fees are negotiable and Forum can discount the fee charged to any client.

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

#### 2. Qualified Plan Services Managed Portfolios Fees:

Plan sponsors engaging Forum to provide Qualified Plan Services with the addition of the Managed Portfolios Option are charged an annual advisory fee based on a percentage of the total plan value for each calendar quarter, or part thereof. The annual management fee for Qualified Plan Services (401(k) Services), shall be no greater than 0.75%.

As disclosed above, we offer various levels of advisory and consulting services to employee benefit plans ("Plans") and to the participants of such plans ("Participants"). The services are designed to assist Plan sponsors in meeting their management and fiduciary obligations to Participants under ERISA. Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan and our compensation for these services are described above and also in the service agreement. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants unless the Plan sponsor directs us to deduct our fee from the Plan or directs the Plan's record-keeper to issue payment for our fee out of the Plan. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you. Forum is registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and represents that it is not subject to any disqualification as set forth in Section 411 of ERISA. In providing the Qualified Plan Services, Forum is acting as a fiduciary of the Plan as defined in Section 3(21) or 3(38) of ERISA.

### 3. Financial Planning Services Fees:

Financial Planning is not a standalone service of Forum and is typically offered only in connection with a managed portfolio. As such, there is no additional fee charged for Financial Planning Services.

### 4. Seminar Fees

No advisory fee is generally charged for attendance at a Forum seminar.

### 5. Mutual Fund Fees

All fees paid to Forum for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### 6. Exchange Traded Funds (ETFs) Fees:

ETFs incur a separate management fee, typically referred to as the "expense ratio". The expense ratio is an annual percentage of the of the fund's assets which is assessed by the fund directly. This management fee is in addition to the ongoing advisory fee assessed us. Details regarding these fees can be found in the ETF's prospectus.

### 7. Sub-Advisor Compensation

When acting as a sub-advisor or TAMP to other RIAs, Forum charges an annual service fee as a flat fee, payable quarterly in arrears, by the RIAs. In addition, for some relationships Forum receives from an RIA a set percentage of such RIA's client assets managed by Forum or pursuant to Forum's models up to certain amounts, calculated and paid quarterly. For some RIAs, there is also a fee for account statement delivery per household for each RIA client receiving mailed performance statements.

## **B. Fee Deduction/Billing Method**

Forum's policy is to charge management fees quarterly to clients, in arrears, based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance) of the account as of the end of the quarter. The custodian directly debits advisory fees from client accounts only after obtaining client authorization by client agreement and applicable custodial account form.

A client agreement can be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement. Should a client terminate his/her agreement mid-quarter, the client will be billed pro-rata for the number of days during the quarter that services were provided.

Notwithstanding the foregoing, Forum supports other billing methodologies upon request or when a person becomes a client of the Firm through a merger or the purchase of another investment adviser's business or when a Third Party Administrator is used for Qualified Plan Services.

## **C. Other Fees and Expenses**

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and broker-dealers providing services to their accounts, including, but not limited to, any transaction charges imposed by a broker-dealer through which transactions are executed for the client accounts. Please refer to the Brokerage Practices section of this Brochure for additional information.

## **D. Compensation for Sale of Securities or other Investment Products**

Some associated persons of Forum are separately registered as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a FINRA-registered broker-dealer and/or also be licensed as independent insurance agents or brokers for one or more insurance companies. In their capacity as a registered



representative and/or licensed insurance agent, these persons receive commission-based compensation in connection with the purchase and sale of securities and/or insurance products, including 12b-1 fees for the sale of investment company products. These practices present conflicts of interest because persons providing investment advice on behalf of our firm who are registered representatives and/or licensed insurance agents have an incentive to recommend securities and/or insurance products to you for the purpose of generating commissions. You are under no obligation, contractually or otherwise, to purchase securities and/or insurance products through any person affiliated with our firm. Clients whose representatives will also receive transaction-based compensation will receive additional disclosures relating to this conflict and details of such compensation.

## Item 6 Performance-Based Fees and Side-By-Side Management

Forum does not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Forum's fees are calculated as described in the **Fees and Compensation** section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in clients' advisory account(s).

## Item 7 Types of Clients

### A. Individuals and Institutions

Forum offers advisory services to individual clients and institutional clients, including but not limited to, banks, pension, profit sharing and 401(k) plans, trusts, estates or charitable organizations, and corporations or other business entities.

In general, we require a minimum of \$25,000 to open and maintain an advisory account. At our discretion, we can waive this minimum account size. For example, we can waive the minimum if you appear to have significant potential for increasing your assets under our management. Account values can be combined for you and your minor children, joint accounts with your spouse and other types of related accounts to meet the stated minimum.

### B. Registered Investment Advisor Firms

Forum also acts as both a sub-advisor and a back-office service provider to other registered investment advisers ("RIAs"). These services include but are not limited to, trading, billing, reporting, technology, marketing, coaching, client service and wealth planning. Additionally, Forum offers its model portfolios and investment advice to these RIAs for use with their clients. Forum receives compensation from the RIAs and, indirectly, the RIAs' clients for these services.

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

### A. Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Forum analyzes mutual funds and ETFs by their historical performance, standard deviation, correlation with other mutual funds and the funds' mandates for exposure to the market as explained in the prospectus, among other factors. Forum primarily recommends mutual funds and ETFs offered by DFA for use in its managed portfolios but includes other funds at its discretion. DFA mutual funds and ETFs follow a diversified asset class investment philosophy with relatively low fees and low turnover of holdings. And, currently, Forum utilizes Vanguard for certain asset classes for which it believes DFA is not competitive.

Forum seeks to design portfolios that have a broad exposure to the total stock market both domestically and internationally. Statistical tests are performed on the portfolios and combinations of asset classes to determine a mix that is intended to provide the client with an appropriate risk-return

profile. Testing can include, but is not limited to, an analysis of the historical returns of the different asset class combination scenarios to arrive at an appropriate risk- return profile; analysis of portfolio exposure to different segments of the market to ensure broad market exposure; and analysis of risk factor loads of possible combinations of asset classes to determine appropriate portfolio tilt to one asset class or another.

### 1. Sources of Information

Forum relies on DFA, an SEC Registered Investment Advisor, for a significant part of its investment research as well as research papers, professional publications, magazines, and professional seminars.

### 2. Investment Strategies

Forum's investment advice is based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. Forum's investment approach is firmly rooted in the belief that markets are efficient and that investors' returns are determined principally by asset allocation decisions, not by market timing or stock picking. Forum focuses on developing diversified portfolios, principally through the use of DFA's passively-managed, asset class mutual funds and ETFs. DFA's mutual funds are available only to institutional investors and clients of a network of selected investment advisers.

The following is a more detailed explanation:

- Modern Portfolio Theory states that by diversification among investments that have a low or negative correlation the risk of a portfolio can be reduced without necessarily sacrificing the expected return. Simply put, the idea is to combine investments that do not move in the same direction so that when some investments lose value others may increase in value. This should lower the volatility, or risk, of a portfolio.
- Capital Pricing Model identifies two risks, Market Risk and Non-Market Risk. Market Risk is one risk that is rewarded - it is the inherent risk of investing in the market and cannot be diversified away. Non-Market Risk is the risk in a specific company, sector or industry that can be reduced through a well-diversified portfolio.
- The Five Factor Model (2015) is based on academic research published by American economists Eugene F. Fama and Kenneth R. French, which identified five factors that explain the return of an asset class.

Forum offers clients several model portfolios based on varying stock and bond allocations. Forum manages portfolios according to five broad mandates: Income, Income & Growth, Growth & Income, Growth, and Aggressive Growth. The five broad mandates are defined as follows:

- **Income (0-30% equity, 70-100% fixed income)** The portfolio is typically heavily weighted towards mutual funds and ETFs that have bonds as the primary underlying investment. It is generally designed for investors whose concern is protecting their assets, or who simply desire a decreased level of market volatility.
- **Income and Growth (40% equities, 60% fixed income)** The portfolio seeks current income with a secondary objective of growth of capital. This portfolio is suitable for investors who want the potential for some growth of assets but are more concerned with protecting their principal investment.
- **Growth and Income (50% equities, 50% fixed income)** The portfolio seeks growth of capital and current income as near-equal objectives. The portfolio's goal is to balance risk and reward.
- **Growth (60-70% equity, 30-40% fixed income)** The portfolio seeks growth of principal. This portfolio is suitable for investors who are willing to accept risk to have the potential for higher returns over time, and generally have a 6-10 years investment horizon, for example, when they begin withdrawing their savings in retirement.

- **Aggressive Growth (80-100% equity, 0-20% fixed income)** The portfolio's goal is to produce growth of principal and as such will have higher volatility. This portfolio is for investors who are willing to accept risk to have the potential for higher returns over time and have at least a 10 year investment horizon.

### **3. Customized Portfolios**

Forum can vary from the model portfolios to accommodate customized portfolios where appropriate.

### **4. Client-Selected Portfolios**

Clients have the option to retain Forum to manage their portfolio in accordance with a model selected by the client that is different from the model portfolio recommended by Forum. The client will direct Forum to invest their accounts according to the client's selected target allocation whether directly or through a sub-adviser. Often, clients have multiple accounts managed as one portfolio. Any purchases or sales of securities made in the accounts will be made in an effort to implement the portfolio specified by the client.

Plan sponsors engaging Forum to provide Qualified Plan Services with the addition of the Managed Portfolios Option will provide Participants with access to model portfolios managed by Forum. Under these circumstances, any purchases or sales of securities made in the portfolios will be made in an effort to implement the portfolio specified by the Participant.

### **5. Changes to Model Portfolios**

Forum, through its Investment Committee, periodically reviews the asset classes and relative allocations in the model portfolios it recommends. From time to time, the Investment Committee can determine that a new asset class should be added to or removed from the model portfolios or the relative allocations should be adjusted. On such occasions Forum can, at its discretion, determine that such changes should also be introduced into current client accounts.

The addition or removal of any asset class will not change the target equity/fixed income proportion of the portfolios.

### **6. Investments Held Away**

Forum has from time to time advised clients with respect to investment accounts not directly supervised and managed by Forum. The accounts include, but are not limited to, 401(k), 403(b), and 529 accounts. The fees for such services will be deducted from the accounts managed by Forum. This advice will generally include asset allocation and fund selection. The fee for assets held away is the same fee for assets under direct management, which will be evidenced in the client's advisory agreement. Funds selected will be primarily chosen on their asset class description and fees in a manner consistent with Forum's model portfolios.

## **B. Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Our investment approach constantly keeps the risk of loss in mind. Investors can 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 is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **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.
- **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.
- **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 no matter what the economic environment is like.
- **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. Other examples of illiquid securities include private placement securities, including hedge fund or pooled vehicle interests.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's, or a prospective client's, evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

### A. Broker-Dealer and Other Financial Industry Affiliations

As disclosed in the individual advisor's ADV Part 2B Supplemental Brochure Item 4: Outside Business Activities, certain individual advisors of Forum are licensed as independent insurance agents or brokers, accountants of independent accounting firms, registered representatives of broker-dealers and investment advisor representatives for other advisory firms.

Some advisors of Forum are separately licensed as independent insurance agents or brokers for one or more insurance companies. These individuals, in their separate capacities as insurance agents, will be able to arrange the purchase of insurance and insurance-related investment products for clients, for which they will receive separate, yet customary, compensation. Clients are not under any obligation to engage these individuals when considering implementation of recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Some advisors of Forum are accountants, Certified Public Accountants or Enrolled Agents providing tax preparation services and accounting services or advice, Forum may recommend these individuals and/or accounting firms to clients in need of tax advice or accounting services. Likewise, these individuals and/or accounting firms may recommend Forum to accounting clients in need of advisory services. Accounting services provided by these individuals and/or accounting firms are separate and distinct from the advisory services of Forum, and are provided for separate and customary compensation. There are no referral fee arrangements between Forum and these individuals and/or accounting firms for these recommendations; however, the individual Forum Advisors do receive compensation from the relevant third-party firm in connection with such referred services. No Forum client is obligated to use one of these individuals and/or accounting firms for any accounting services. The individual's and/or accounting firms' services do not include the authority to sign checks or otherwise disburse funds on any Forum advisory client's behalf.

Some advisors of Forum are registered as Investment Adviser Representatives of other registered investment advisory firms. Advisory services offered by these firms are separate and distinct from the advisory services of Forum and are provided for separate and typical compensation. There are no referral agreements between Forum and any other Registered Investment Advisory firm. However, individual Forum Advisors who are registered with another Registered Investment Advisory firm do receive compensation for the services provided through such firms.

While these advisors endeavor at all times to put the interest of the client's first as part of Forum's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and can affect the judgment of these individuals when making recommendations. Advisors with other business activities or affiliations can spend as much as 50% of their time with all of these related activities. Forum reviews the outside employment activities of its advisors to verify that any conflicts of interest continue to be properly addressed by our firm.

#### **B. Relationships Material to Forum's Advisory Business**

Forum is under common control and ownership with OWL Technologies, LLC. OWL Technologies, LLC provides technology to advisors and clients of Forum for portfolio management. Forum does not charge its clients a separate fee for these technology services, but a portion of the client fee paid to Forum is provided to OWL Technology, LLC for these technology services.

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

Forum is dedicated to protecting our client's interests at all times and demonstrating our commitment to our fiduciary duties of honesty, good faith, and fair dealing. Forum has adopted a Code of Ethics that emphasizes these professional standards of conduct for persons associated with our firm. All persons associated with our firm are expected to adhere to and follow the policies in our Code of Ethics and report any violations of our Code of Ethics. Forum's Code of Ethics addresses potential conflicts of interest and provides guidelines on gifts and entertainment, political contributions, personal trading activities, and adherence to the federal securities laws.

Additionally, Forum maintains and enforces policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

A copy of Forum's Code of Ethics is available to Forum's advisory clients or prospective clients upon request to the Chief Compliance Officer, Allison Tronnes at [atronnes@forumfin.com](mailto:atronnes@forumfin.com) or 630.873.8512.

### **Item 12 Brokerage Practices**

Forum is not a broker-dealer and does not guarantee that trades will be initiated or settled within a particular time period, or at a particular price. Forum uses best efforts to execute all trades in a timely and accurate manner, but there are many factors that can delay trading from time to time, including but not limited to market volatility and delayed pricing by our service providers. We will use reasonable efforts to accommodate trading requests but cannot ensure a particular outcome. It can take from one to several days to fully invest an account, make trades in an account or liquidate all or part of an account, and procedures such as tax-loss harvesting can be conducted over extended time periods.

Forum does not maintain physical custody of your assets that we manage. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank.

We recommend that our clients use Charles Schwab & Company, Inc. ("Schwab"), TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), and/or Fidelity Brokerage Services LLC ("Fidelity"), members of FINRA /SIPC and registered broker-dealers, as a qualified custodian. Forum is independently owned and operated and is not affiliated with Schwab, TD Ameritrade, or Fidelity. Forum takes into account a blend of different factors in determining which qualified custodian may be used, but Clients should be aware that the costs

associated with using one qualified custodian over another will vary. The relationship described between Forum and each qualified custodian herein varies, and this has an impact on the conflicts of interest present which clients should be aware of.

**Charles Schwab & Company, Inc.** - Forum has evaluated Schwab and believes that it will provide Forum's clients with a blend of execution services, commission costs, and professionalism that will assist Forum in meeting its fiduciary obligations to clients. Clients should note that Forum participates in Schwab Advisor Services™ (formerly called Schwab Institutional®) offered to independent investment advisers by Schwab. As part of the services, Forum receives certain benefits that it would not receive if it did not offer investment advice to clients.

Schwab provides Forum with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab. These services are not contingent upon our firm committing to Schwab any specific amount of business other than maintaining the client asset level mentioned above (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to our firm other products and services that benefit Forum but do not directly benefit our clients' accounts. Many of these products and services are used to service all or some substantial number of our client accounts.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that provide access to client account data (such as trade confirmations and account statements), that facilitate trade execution and allocate aggregated trade orders for multiple client accounts, that facilitate payment of our fees from clients' accounts and assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services may include compliance, legal and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants and insurance providers.

Schwab makes available, arranges and/or pays third-party vendors for the types of services rendered to Forum. Schwab discounts or waives fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab also provides other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we generally take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

**TD Ameritrade** - Forum participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Forum receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, Forum participates in TD Ameritrade's institutional customer program and Forum may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Forum's participation in the program and the investment advice it gives to its Clients, although Forum receives

economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Forum clients; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Forum by third-party vendors. TD Ameritrade also pays for business consulting and professional services received by Forum related persons. Some of the products and services made available by TD Ameritrade through the program benefit Forum but do not directly benefit its Client accounts. These products or services assist Forum in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Forum manage and further develop its business enterprise. The benefits received by Forum or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Forum endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Forum or its related persons in and of itself creates a conflict of interest and can indirectly influence the Forum's choice of TD Ameritrade for custody and brokerage services.

Forum serves on the TD Ameritrade Institutional Advisor Panel (the "Panel"). The Panel consists of approximately thirty (30) independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor community. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as-needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TDA Institutional senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade does not compensate Panel members.

However, TD Ameritrade pays or reimburses Panel members for the travel, lodging, and meal expenses Panel members incur in attending Panel meetings. The benefits received by Forum's members or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Forum or its related persons in and of itself creates a conflict of interest and can indirectly influence Forum's recommendation of TD Ameritrade for custody and brokerage services.

**Fidelity** - Forum has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Forum with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Forum in conducting business and in serving the best interests of their clients but that may benefit Forum.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Forum to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. Without this arrangement, Forum might be compelled to purchase the same or similar services at its own expense.

As a result of receiving such services for no additional cost, Forum may have an incentive to continue to use or expand the use of Fidelity's services. Forum examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of Forum's clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Forum determines in good faith that the commission is reasonable in relation to the value of the brokerage and research

services received. In seeking best execution, the determinative factor is not the lowest possible cost, but 1 whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Forum will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by Forum will generally be used to service all of Forum's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Forum and Fidelity are not affiliates, and no broker-dealer affiliated with Forum is involved in the relationship between Forum and Fidelity.

#### **A. General**

Forum reserves the right to decline acceptance of any client account for which the client directs the use of a broker-dealer other than Schwab or TD Ameritrade if Forum believes that this choice would hinder its ability to fulfill its fiduciary duty to the client and/or its ability to service the account. In directing the use of another other broker-dealer, it should be understood that Forum will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker-dealer).

For Qualified Plan Services, Forum does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid. Clients (including Plan sponsors engaging Forum to provide Qualified Plan Services with the addition of the Managed Portfolios Option) must direct Forum as to the broker-dealer to be used.

Plan sponsors engaging Forum to provide Qualified Plan Services must select the directed broker in the best interest of Participants. With respect to Qualified Plan Services, the Plan is not required to use Schwab or TD Ameritrade. Forum does not choose broker-dealers on behalf of a Plan sponsor.

#### **B. Research and Other Soft Dollar Benefits**

Other than as described above with respect to Schwab, TD Ameritrade, and Fidelity, Forum does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

#### **C. Economic Benefits**

Forum has access to research products and services from account custodians and/or other Registered Investment Advisers. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are generally provided to all Registered Investment Advisers that maintain a relationship with such third parties and are not considered to be paid for with soft dollars.

#### **D. Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **E. Directed Brokerage**

We routinely request that you direct our firm to execute transactions through Charles Schwab & Company, Inc. and/or TD Ameritrade. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services.

#### **F. Block Trades**

When appropriate, Forum combines multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Forum averages the executed prices throughout the day at each custodian and then allocates the average price to client accounts. Clients with accounts at different custodians may experience different executed prices.



Additionally, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

## Item 13 Review of Accounts

### A. Portfolio Management Services

Account Reviews and Reports Reviews: The asset allocations of each model portfolio are monitored by Forum for conformity with the client's IPS. Forum's Investment Committee members meet semi-annually to review the underlying investments in the portfolios while portfolios are reviewed by each investment advisor with their clients in the context of the client's stated investment objectives and guidelines.

Traders are instructed to trade accounts according to established internal protocols and to review accounts to determine whether they should be rebalanced; accounts are generally rebalanced when they are beyond certain percentage bands designated by the Investment Committee for each asset class. More frequent reviews can be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. The members of Forum's Investment Committee are:

- Nirav Batavia, CFA - Co-Chief Investment Officer
- Alan C. Hambourger, CPA, PFS, CFP®
- Christopher Lamia, CFP®
- Norbert M. Mindel, JD, CPA, PFS, CFP®
- Jonathan M. Rogers, CFP® - Co-Chief Investment Officer
- Mary Pat Wesche, CPA, PFS, CDFIA®, CFP®

### B. Qualified Plan Services with Managed Portfolios Reviews:

Forum will monitor the asset allocations of the model portfolios it recommends to Plan sponsors for investment by their Participants. Forum's Investment Committee meets semi-annually to review the underlying investments. Additionally, when unusual shifts in the financial markets occur, members of the Investment Committee will review the models to determine if changes are necessary.

Plan sponsors who retain Forum to provide managed portfolio services to their defined contribution plans, receive regular performance information about their Participants' accounts from their selected recordkeeper. As a result, Forum does not provide any regular performance reports to defined contribution Plan sponsors.

Additionally, the Plan sponsor's selected record keeper can provide the ability to rebalance Participants' accounts automatically every quarter.

## Item 14 Client Referrals and Other Compensation

Our firm pays referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by Solicitors are not increased as a result of any referral. It is Forum's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

Forum does not maintain the physical custody of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. Forum may be deemed under the federal securities laws to have custody of select client funds or securities if you provide Forum with the authority to disburse funds to other parties designated by you through a Standing Letter or Authorization ("SLOA") or similar asset transfer authorization.

Because Forum is considered to maintain custody of select client funds or securities under the above situations, Forum undergoes an unannounced annual audit by an independent Public Company Accounting Oversight Board (PCAOB) registered accounting firm. The annual audit report will be filed electronically through IARD by the independent public accountant performing the surprise examination.

Your independent custodian will directly debit your account(s) for the payment of our advisory fees. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Note that if you elect a non-discretionary account, trades for your account will generally occur later than the trades for discretionary accounts since we must get authorization from you each time before trading. To the extent your account is invested solely in mutual funds, this is less of an issue since mutual funds trades are executed after the end of each trading day and not intra-day.

## **Item 17 Voting Client Securities**

### **A. Proxy Voting**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm can provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially 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. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance to clients regarding proxy issues.

**B. Class Actions, Bankruptcies, and Other Legal Proceedings**

Forum will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of Proofs of Claim in class action settlements. If desired, clients may direct Forum to transmit copies of class action notices to the client or a third party. Upon such direction, Forum will make commercially reasonable efforts to forward such notices in a timely manner.

**Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to our clients. Forum has not filed a bankruptcy petition at any time in the past ten years.

In addition, we do not take physical custody of client funds or securities, serve as trustee or signatory for client accounts or require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

**Item 19 Requirements for State-Registered Advisers**

Our firm is not required to respond to this item because we are registered with the SEC.