

Forté Asset Management, LLC

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This brochure provides clients with information about the qualifications and business practices of Forté Asset Management, LLC that should be considered before becoming a client of Forté Asset Management, LLC. Please contact Timothy I. Low, President of Forté Asset Management, LLC, at (212) 509-8907 if you have questions about the content of this brochure.

This information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Additional information on the disciplinary history of Forté Asset Management, LLC is available on the Internet at www.adviserinfo.sec.gov/IAPD/. You can search this site by a unique identifying number known as a CRD number. The CRD number for Forté Asset Management, LLC is 132969.

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1. About Forté Asset Management, LLC

Forté Asset Management, LLC ("Forté"), a New York limited liability company established on September 2, 2004, is an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC").

2. Types of Clients.

Forté offers access to third-party investment management services and provides investment supervisory services, where appropriate, to individuals, pension and profit sharing plans, trusts, corporations and other business entities.

3. Types of Investments/Platforms

Forté provides investment services through two platforms: (1) through a third-party advisory firm, Forté provides clients with access to a discretionary mutual fund access program; and (2) Forté manages advisory accounts directly, through its brokerage services program, investing in equity securities, mutual funds, municipal securities, United States government securities, options contracts on securities, and mutual funds.

- a. Through Lockwood Advisors, Inc., a third-party investment advisory firm registered with the SEC ("Lockwood"), Forté provides clients with access to a discretionary mutual fund access program.

The Mutual Fund Access Program is a non-advisory mutual fund access program administered by Lockwood that provides clients with access to a broad spectrum of both fee and no transaction fee funds. Under the Mutual Fund Access Program, Forté provides the client with discretionary investment advisory services, including the preparation of a customized asset allocation strategy and the selection of investment vehicles. Forté rebalances the portfolio to stay in line with client investment objectives. There is no minimum investment required for the Mutual Fund Access Program. Highlights of the Mutual Fund Access Program include:

- Forté serves as the client point of contact
- Broad diversification among mutual funds
- Forté prepares customized asset allocation strategy
- Forté selects investment vehicles
- Forté rebalances portfolio
- Forté monitors the portfolio and tracks changes within the portfolio
- Multiple levels of professional oversight
- Performance reports generated by an unrelated third-party

- b. Forté also provides discretionary and non-discretionary investment supervisory services, defined as providing continuous advice to a client or making investments for a client based on the individual needs of the client. Forté provides investment supervisory services under its brokerage services program:

Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Forté will design a portfolio with the goal of meeting each client's individual needs. Forté will manage advisory accounts on a discretionary and/or a non-discretionary basis. Unless Forté receives specific directions from a client regarding the placement of brokerage business,

Unless Forté receives specific directions from a client regarding the placement of brokerage services, Forté will select the brokers and dealers to effect client transactions, and Forté currently utilizes Pershing LLC. Forté believes Pershing LLC offers a competitive platform for trading stocks and bonds for its clients, and Forté annually reviews other custodians for comparison purposes. There is no minimum investment required for the Brokerage Services Program. Highlights of the Brokerage Services Program include:

- Forté is consultant and client point of contact
- Forté serves as advisor
- Security transactions are cleared through Pershing LLC
- Assets are custodied at Pershing LLC
- Investment vehicles consist of equity securities, mutual funds, exchange traded funds, bonds, and options
- Custodian charges either asset-based or transactional fees
- Forté charges an asset-based fee
- Forté may receive additional fees from certain products

Investment Risks

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to company specific event (e.g. unsystematic risk), or general market activity (e.g. systematic risk). For fixed income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability.

Forté primarily invests client assets in its brokerage services program in exchange traded funds (ETFs). In considering ETFs for investment, Forté seeks ETFs with high trading volume for liquidity purposes, and monitors ETFs to ensure they trade closely to their respective net asset values. Forté invests in ETFs in various asset classes, such as: U.S. equity (large cap, small cap, etc.);

international equity; fixed income; commodities; and market short ETFs (such as short U.S. bond or U.S. equity indexes).

Investment Discretion

Management of investment portfolios may be either a discretionary or non-discretionary basis or some combination thereof. Pursuant to the terms of the Investment Agreement, for discretionary accounts, Forté is not required to obtain specific client consent regarding specific securities to be bought or sold. Forté shall invest and reinvest the assets of the client's account in such securities as it deems in the best interest of the client to achieve the investment objective desired by the client. Forté may take any action or non-action as it deems appropriate, with or without further consent or authority from the client, and may exercise its discretion and deal with such assets exactly as the client might do as owner, except that Forté is not authorized to withdraw money or securities in the name of the client or otherwise. Forté shall be free to sell securities from the account without regard to the length of time they have been held or the gain or loss that may be realized. Forté shall be free to make investment changes without regard to the rate of portfolio turnover, when it, in its sole discretion, determines that such changes will promote the investment objective of the account.

4. Forté's Fee Schedule

All investment advisory fees are determined as a percentage of assets under management. Forté may receive additional fees from certain products, but such fees are received from third parties, and not from the client. Forté currently receives a fee from Jefferies in connection with client's investment in auction rate preferred securities.

Forté's fee schedule represents the maximum pricing

- **MUTUAL FUND ACCESS PROGRAM**
- **BROKERAGE SERVICES PROGRAM**

Assets	Fee
First \$1,000,000	1.50%
Next \$1,000,000	1.20%
Next \$1,000,000	1.00%
Next \$2,000,000	0.75%
Next \$5,000,000	0.50%
Over \$10,000,000	Negotiable

5. Methods of Analysis, Sources of Information and Investment Strategies

Forté employs a wide range of methods to evaluate investments and manage portfolios, including fundamental analysis and technical analysis. Typical sources of

information include company SEC filings, press releases, company websites, financial news and quotations services, financial data providers, financial newspapers and magazines, financial weblogs, and financial websites. Forté utilizes an institutional approach in its investment management by focusing on the risk of the entire portfolio by considering how each investment contributes to the overall risk of the portfolio. Through this process, Forté constructs an “efficient portfolio” – one which has the highest expected return for a given level of risk. Asset allocation decisions are derived from broad-based investment research into multiple asset classes. These decisions are not based on the day-to-day market conditions. The allocations are customized to each investor’s return objective, risk tolerance, and cash flow requirements with a primary focus on allocation among stocks, bonds and cash. Further customization is achieved through secondary allocations among domestic and foreign stocks, large, mid and small-cap stocks, various alternative investments and, fixed income securities.

Forté often utilizes a dynamic strategy called tactical asset allocation that actively adjusts client portfolios based on short-term market forecasts. Its objective is to systematically exploit inefficiencies or temporary imbalances in equilibrium values among different asset or sub-asset classes. Forté generally limits tactical asset allocation shifts to 20 percent of the portfolio to avoid straying too far from the long-term strategy mix.

6. Education Standards; Education and Business Background

Forté is composed of one principal who is an experienced investment professional possessing a broad range of knowledge within the securities industry. All principals of Forté must have a college degree from an accredited four year university and pass the Series 65. In addition, all Manager of Manager programs under consideration must have principals that have college degrees from a four year University; at least a five (5) year track record in the business of portfolio management.

Timothy I. Low

Tim joined Forté Asset Management, LLC in 2005 as its President. Tim was born on 10/21/1967. Tim is a eighteen year veteran in the private wealth management industry. Prior to joining Forté Asset Management, LLC, Tim was a Vice President in the Private Client Services division at Credit Suisse First Boston (CSFB) where he provided comprehensive wealth management solutions for families, endowments and institutional clients. Previously, he was with Donaldson, Lufkin & Jenrette (DLJ), the predecessor to CSFB. Tim received his Bachelor’s degree in Economics with an emphasis in Finance from Hamilton College in 1990. He holds a Series 65 license.

7. Other Business Activities

8. Participation or Interest in Client Transactions

As a principal, neither Lockwood nor Forté buy securities for their own inventory nor sell securities they may own to any client. Moreover, neither Lockwood nor Forté effect transactions in which a client's securities are sold to or bought from brokerage customers. Principals and employees of Forté may buy or sell securities that are also recommended to clients. However, it is Forté's express policy that any person employed by Forté or a principal of Forté is prohibited from profiting at the expense of Forté's clients. Forté has established the following policies/restrictions in order to ensure its fiduciary responsibilities:

- (i) No person employed by Forté may purchase or sell any security being purchased or sold on the same day as any advisory account other than through a block trade with other clients through Forté's average price account (e.g. the price for security bought or sold will be the same for the Forté employee or principal and the client(s));
- (ii) a principal or employee of Forté shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his/her employment unless the information is also available to the investing public upon reasonable inquiry. No person of Forté shall prefer his/her own interest to that of the advisory client;
- (iii) Forté emphasizes the unrestricted right of the client to decline to implement any advice rendered;
- (iv) Forté requires that all employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices; and
- (v) any employee not in observance of the above may be subject to termination.

Aggregation

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner.

Our firm's policy is to aggregate client transactions where possible. In these instances clients and Forté employees or principals participating in any aggregated transactions will receive an average share price.

Allocation

As a matter of policy, an adviser's allocation procedures must be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other

clients. If an order is partially executed, all participating accounts (including employee and/or principal accounts) will receive a pro-rata share of the executed shares.

9. Conditions for Management Accounts

Clients enter into an investment advisory agreement with both Forté and as applicable, Lockwood. Collectively, they advise the client in establishing investment objectives, developing an investment policy statement to meet those objectives, identify appropriate investments, and monitor such investments.

Forté does not impose a minimum account size or a set minimum annual fee. Forté negotiates fees on a client-by-client basis. Forté's fee ranges from .08% to 1.50% based on various factors including, but not limited to, the complexity of the clients' needs, size of portfolio/assets under management and type of securities held within the portfolio. Under the investment management programs offered by the Lockwood, Forté's fee is in addition to the fees charged by Lockwood. Lockwood's fee includes the portfolio manager's fee, program fee and brokerage/clearing/custodial services. Lockwood imposes a minimum account size on a manager-by-manager basis. Lockwood furnishes the client with their own Schedule H and a wrap fee disclosure brochure which describes the fee structure, manager minimums and other specific program details.

The "Wrap-Fee" programs are all-inclusive and include all advisory fees, investment program fees, brokerage and custodial costs, but do not include trading costs for mutual funds outside of Pershing's no-transaction fee funds program. Forté is paid on a fee only basis from the client, but may receive funds from third parties. The "Wrap-Fee" does not include charges imposed by the SEC, wire transfer fees, the cost and expenses associated with the client beneficial money market account, special requests by the client, or any internal management or operating fees or expenses imposed or incurred by mutual funds in which a client's account may be invested.

10. Cost of Forté's Wrap-Fee Programs and Services Relative to "Non-Wrap-Fee" Alternatives

Clients of Forté's "Wrap-Fee" programs described in this brochure, including Lockwood's fees, may pay more or less for services than if they purchased services separately. Factors that bear upon the cost of Forté acting as a consultant and Lockwood's "Wrap-Fee" programs in relation to the cost of services purchased separately include, among other things, the type and size of the account, the historical and or expected size or number of trades for the account, and the number of range of supplementary advisory and client related services provided to the account. The "Wrap-Fee" program does not include the transaction costs of mutual fund trades outside of Pershing's no-transaction fee funds program.

Lockwood's portfolio managers are compensated by receiving fully disclosed management fees. The amount of the fees received by Forté, Lockwood, portfolio managers, financial consultants, or employees of Lockwood's affiliates, may be greater if the client participates in a "Wrap-Fee" program instead of paying separately for investment advice, brokerage and other service as offered by Forté.

In wrap-fee programs, trades are generally executed at the broker-dealer where the account is custodied and with whom the client has entered the wrap-fee arrangement. In such cases, Forté is not provided access to review the best price and execution for the client. Therefore, no assurance can be given that Forté will be able to obtain the best price or execution for the client whose accounts are subject to wrap-fee arrangements.

11. Additional Information Regarding Fees and Charges; Execution of Transactions

In addition to the "Wrap-Fees" specified above, clients of Forté may pay additional costs or charges in connection with their accounts or certain securities transactions. These charges may include: commissions and other charges for executing transactions, dealer mark-ups and mark-downs; auction fees, certain odd-lot differentials, exchange fees, transfer taxes, electronic fund and wire transfer fees, SEC fees on securities trades, any other charges mandated by law or regulation, and certain fees in connection with the establishment, administration or termination of retirement or profit sharing plans or trust accounts. The additional fees and charges will vary based upon the investment management program selected by the client. Forté invests client accounts in exchange traded funds ("ETFs"). ETFs pay the manager of the fund an investment advisory fee. Therefore, in addition to the fee a client pays Forté to manage its account, the client will indirectly pay its pro rata portion of the management fee of the ETF in which its account is invested.

To the extent that fees or commissions charged are negotiable, they may differ from client to client based upon a number of factors, including, but not limited to: the type and size of the account, the historical and expected size or number of trades for the account, and the number and range of supplemental advisory and client-related services to be provided to the account. Moreover, fee minimums and account minimums may vary as a result of the application of prior schedules depending upon client account inception date. Minimum account sizes also may also be modified to remain in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended. From time to time, the fees for certain of the advisory services described herein may be reduced for employees of Lockwood, Forté or their respective affiliates.

Interest will be charged to a client's account should the account have a debit balance as a result of the client's activity. Any debit balance will not be deducted from the account balance for purpose of the calculation of the advisory fee due to Forté. When Lockwood has custody of the client's assets, it credits interest and dividends to

the account. Depending upon the investment advisory program selected by the client, and the portfolio managers selected by Lockwood, margin may be used.

12. Review of Accounts and Reports to Clients

Forté reviews client accounts at least semi-annually. All portfolios are reviewed continuously rather than periodically. Accounts are reviewed by Timothy Low. The review includes holdings, asset allocation, and comparisons to any relevant benchmarks and investment policies. All wrap and non-wrap clients receive portfolio review reports on a quarterly basis. All wrap and non-wrap clients receive monthly statements from the portfolio custodian (currently Pershing LLC) detailing all cash and asset transactions and activity. In general, meetings with clients are held semi-annually or less frequently, according to clients' desires.

13. Account Termination Policy

Client's investment advisory agreements with Forté and Lockwood's may be terminated by any party at any time upon written notice to the others. The client agrees that such termination will not affect the liabilities or obligations of the parties under the respective agreements which arise from transactions initiated prior to termination. Notwithstanding anything to the contrary herein, the client shall have the right to terminate the respective agreement without fee or penalty within five (5) business days of the execution of such agreement. If the client's account is liquidated as the result of a termination notice, account assets will be payable to the client within ten (10) days of liquidation, subject to normal brokerage settlement terms. If the client terminates the respective agreement after five (5) business days of execution of such agreement, the client will receive a pro-rated refund of the pre-paid fee for the applicable quarter, based upon the number of days remaining in the quarter after termination.

14. Financial Planning Services

Forté does not offer fee-based Financial Planning services.

15. Additional Compensation

Neither Forté nor Lockwood receive cash or receive any economic benefit (including commissions, equipment or non-research services) from non-clients in connection with giving advice to clients.

16. Privacy Policy

Forté has adopted a privacy policy with recognition that protecting the privacy and security of the personal information we obtain about our clients and potential clients is an important responsibility. We also know that our clients expect us to service them in an accurate and efficient manner. To do so, we must collect and maintain personal

information about them. We want our clients to know what information we collect and how we use and safeguard that information.

What Information We Collect

We collect certain nonpublic personal identifying information about our clients (such as their name, address, social security number, etc.) from information that they provide on applications or other forms as well as communications (electronic, telephone, written or in person) with them or their authorized representatives (such as their attorney, accountant, etc.). We also collect information about their brokerage accounts and transactions (such as purchases, sales, account balances, inquiries, etc.).

What Information We May Disclose

We do not disclose the nonpublic personal information we collect about our clients to anyone except in furtherance of our business relationship with them and then only to those persons necessary to effect the transactions and provide the services that they authorize (such as broker-dealers, custodians, independent managers, etc.) or as otherwise provided by law. We are permitted by law to disclose the nonpublic personal information about our clients to other third parties in certain circumstances (such as third parties that perform administrative or marketing services on our behalf or for joint marketing programs). These third parties are prohibited to use or share the information for any other purpose. If our customers decide at some point to either terminate our services or become an inactive client, we will continue to adhere to our privacy policy, as may be amended from time to time.

Security of our Clients' Information

We restrict access to our clients' nonpublic personal information to those employees who need to know that information to service their account. We maintain physical, electronic and procedural safeguards that comply with applicable federal and state standards to protect their nonpublic personal information.

Changes to our Privacy Policy or Relationship with our Clients

Our policy about obtaining and disclosing information may change from time to time. We will provide our clients with notice of any material change to this policy before we implement the change. Clients may request a copy of Forté's Privacy Policy by contacting Timothy Low at (212) 509-8907.

17. Code of Ethics

Forté has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act to prevent violations of federal securities laws. The Code of Ethics is predicated on the

principle that Forté owes a fiduciary duty to its clients. Accordingly, Forté expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. All officers, directors, partners and employees of Forté and any other person who provides advice on behalf of Forté and is subject to Forté's control and supervision are required to adhere to the Code of Ethics. At all times, Forté and its employees must (i) place client interests ahead of Forté's; (ii) engage in personal investing that is in full compliance with Forté's Code of Ethics; and (iii) avoid taking advantage of their position. Clients may request a copy of Forté's Code of Ethics by contacting Timothy Low at (212) 509-8907.

18. Proxy Voting Policy

Forté does not vote proxies on behalf of its clients. Therefore, although Forté may provide investment advisory services relative to client investment assets, Forté's 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 proceeding or other type events pertaining to the client's investment assets. Forté and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

19. Client Complaints

Clients may contact Timothy Low at (212) 509-8907 to submit a complaint. Written complaints should be sent to Forté Asset Management, LLC, 170 Varick Street, 2nd Floor, New York, New York 10013.