



FORUM

Financial Management, LLC

A Registered Investment Advisor

Independence, Experience & Transparency





Introduction

Forum Financial Management LLC provides fee-based wealth management and financial planning services to a wide variety of affluent clients. We help our clients build, manage and preserve their wealth by partnering with them to define and achieve their financial goals. We are composed of a unique multidisciplinary blend of highly credentialed professionals, including CERTIFIED FINANCIAL PLANNERS™, Certified Public Accountants, Attorneys, Enrolled Agents and Personal Financial Specialists. Most partners bring over 25 years of experience in one or more aspects of financial planning including investment portfolio design, retirement distribution planning, income tax planning, risk management, estate protection, and educational funding.




History

Several of the Forum partners founded the Terra Financial Companies Ltd, and Terra Securities Corporation, a nationally recognized broker/dealer firm, over 25 years ago. During this time the partners developed a core investment philosophy that passively managed portfolios tailored to a client's risk tolerance level were the key to achieving client goals while reducing overall volatility. The very successful broker/dealer firm was sold to GE in 1998, and ultimately spun off as part of Genworth Financial Services several years later. The majority of the current partners were affiliated with Terra prior to the sale, and continued to be affiliated with Genworth while doing business as Forum Financial Management LLC. Strong growth combined with the desire to be totally independent and fee based led to the establishment of Forum Financial Management LLC as an independent RIA.

Philosophy

Over the past 20 years we have developed and refined a consistent, strategic investment philosophy supported by a significant body of academic research. We believe that a widely diversified portfolio of investments tailored to each client's unique risk tolerance level and financial goals is key to financial success. A study conducted by an independent research firm found that the average return of the S&P 500 over the last 20 years was 8.42 per year, yet the average equity investor earned only 1.87%. Why? Most individual investors gravitate toward the next "hot" investment and let emotions rule their portfolio. Our approach takes the emotion out of investing in order to capture market returns while minimizing volatility.

Source: DALBAR Quantitative Analysis of Investor Behavior 2008.



How we work with you: A process driven consultative approach

The personal relationship that we develop with each of our clients starts with an initial meeting to identify goals, objectives and risk tolerance levels. We will gather your personal information and discuss your financial goals and concerns. We will review our philosophy and investment approach with you so that you fully understand our portfolio management approach. You will complete a risk tolerance questionnaire that will become the basis for discussing the allocation of various asset classes within your portfolio.

Over the course of the next few meetings we will review your trust, estate planning and risk management needs, discuss retirement accumulation or distribution planning, evaluate educational funding needs, review your tax situation, and go over any other items we feel are critical to your financial success. If you own a closely held business we may also discuss business succession planning strategies. We may run a financial projection to evaluate the feasibility of attaining your goals. With your permission, we will consult with your other advisors including attorneys and CPAs.

Once you select an allocation, we will work on an implementation plan that will coordinate investment of your portfolio between qualified (tax advantaged) assets and non qualified assets in order to maximize tax efficiency. Depending on the size of your portfolio and your preference, we may dollar cost average your assets into the market over a period of up to 6 months.

Your assets are held at a reputable third party custodian (Charles Schwab*) that will furnish you with monthly reports either on line or via mail. Forum will provide you with a quarterly performance report that will clearly show your performance net of all fees and compared to applicable market indices. Our strategy includes automatic rebalancing of your portfolio to make sure you don't veer from the initial allocation we have agreed on. This ensures that your portfolio risk is consistent with your risk tolerance and financial goals.

We will meet with you periodically to discuss your financial situation and progress toward your goals. As your financial needs change, we can make adjustments to your strategy to meet your financial goals.

*Qualified Plan may be held at custodians other than Charles Schwab.





Next Steps

Our philosophy and history are explained in more detail at our website, www.forumfin.com, and our book, [Wealth Management in the New Economy](#), which is available on Amazon. If you would like a complementary copy, please call us or request a copy through our website.

For a customized portfolio recommendation, please visit the website, complete a risk tolerance questionnaire, and forward to us for review or contact one of our advisors directly.



John J. Adam

EA, CFP®, *Partner*

John J. Adam is a Senior Advisor with Forum Financial Management, LLC. John works closely with affluent individuals, families, private businesses, and other professionals. His extensive background and expertise have continually earned him recognition as one of the top producers and leaders in the financial services industry. John was featured in Chicagomagazine as a FIVE STAR Wealth Manager.

John began his career more than 30 years ago as an accountant and medical management consultant. This association gave him the knowledge needed to grow his clientele to include many Chicagoland medical professionals. In addition to providing traditional accounting and tax services for businesses and individuals, John has successfully merged his accounting and financial expertise to provide unique comprehensive planning for his clients.

John is a graduate of St. Joseph's College in Rennselaer, Indiana, where he earned a Bachelor's Degree in Accounting-Finance. He is a member of the Financial Planning Association (FPA) and National Association of Enrolled Agents (NAEA).

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William P. Carlson

AAMS, AWMA, *Partner*

William P. Carlson is a Senior Advisor with Forum Financial Management, LLC. His clientele consists of successful professionals, business owners and retirees.

Bill began his career in the financial services industry 25 years ago as a stockbroker for a well-known investment firm. He later became an executive in the trust and private banking department for two major banks, and a vice president for Fisher Investments, a national money management firm. Most recently he was founder and president of Victor Capital Advisors.

Bill earned a B.S. in finance from Arizona State University. He also holds the designations of Accredited Asset Management Specialist (AAMS) and Accredited Wealth Management Advisor (AWMA) through the College of Financial Planning.

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Jack A. Folkerts

CPA, CFP®, *Partner*

Jack A. Folkerts is a Senior Advisor with Forum Financial Management, LLC. Jack works personally with individuals and businesses. He specializes in investment management, insurance, retirement, college, and tax planning. He believes in a needs based approach to investing and planning - that it is important to first understand a client's financial needs and goals, both short-term and long-term, before an appropriate customized solution can be offered.

Jack's education and experience as a Certified Public Accountant, and Certified Financial Planner™ put him in a unique position to help his clients meet their financial objectives.

He is a graduate of Northern Illinois University with a Bachelor's Degree in Accounting and Finance. He is a member of the Financial Planning Association (FPA). Over the years he has been recognized for his commitment to help clients achieve their financial goals and for his dedication to service and excellence within the financial services industry.

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Alan C. Hambourger

CPA, PFS, CFP®, *Partner*

Alan C. Hambourger is a Senior Advisor with Forum Financial Management, LLC. Through his practice as a Certified Public Accountant and Certified Financial Planner™, Alan has 30 years experience assisting his clients plan for their college, retirement and other savings needs.

Over the past 15 years, Alan has been recognized for excellence by the financial advisory community for his commitment to the principles which guide him as an Investment Advisor Representative. Several accounting industry publications have looked to Alan for his perspective on the complementary nature of accounting and financial services. He has been quoted in Practical Accountant and CPA Wealth Provider as well as other industry periodicals. Alan has been a guest speaker at various conferences throughout the country.

Alan is a graduate of the University of Illinois in Urbana, where he earned a Bachelor's Degree in Accounting. He is a member of the American Institute of Certified Public Accountants (AICPA) and the Financial Planning Association (FPA).

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Marcus K. Heinrich

CFP®, *Partner*

Marcus K. Heinrich is a Senior Adviser with Forum Financial Management, LLC. Marcus serves a select group of clients, including business owners, corporate executives, physicians as well as individuals in financial transition (retirement, sale of a business, divorce or loss of a loved one). His dedicated service and personal attention to his clients have served as the foundation for the substantial and consistent growth of his national clientele, and have earned him a place amongst the industry's top financial advisors. Marcus was featured in Chicago magazine as a FIVE STAR Wealth Manager.

Over his award-winning career of more than 25 years, he has served as a mentor to hundreds of other financial advisors. Marcus was one of the original Principals of The Terra Financial Companies, now Genworth Financial Investment Services, Inc. Originally a six-person business; he helped this firm grow into a national, multidisciplinary financial services organization. Marcus has appeared on CNN, WGN radio, and has been quoted in numerous media sources. He is also the co-author of the book, *The Intelligent Guide to Your Financial Future*.

Marcus received a Bachelor's Degree in Engineering from the University of Illinois in Urbana.

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Robert T. Methven

Virginia Office Director, *Partner*

Robert T. Methven is a Senior Advisor of Forum Financial Management, LLC. Rob is deeply committed to helping individuals and families create financial security in their lives. Rob specializes in investment management, insurance, retirement and education planning.

After 12 years in public accounting and two years owning a small business, Rob began a 10 year career with Genworth Financial. During this time Rob held several senior executive roles, including President and CEO of Genworth Financial Investment Services Corporation from 2002-2004. Rob's focus with Genworth was helping financial advisers establish and grow their own individual practices. Particular emphasis during this time was in coaching advisers on the challenges of planning for and generating income during retirement. In 2007 Rob made a change from helping other advisers to directly working with individual clients.

Rob graduated from the University of Canterbury in Christchurch, New Zealand with both a law degree (LL.B) and finance and accounting degrees (B.Comm). Rob is a member of the Financial Planning Association (FPA).

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Norbert M. Mindel

JD, CPA, PFS, CFP®, *Partner*

Norbert M. Mindel is a Senior Advisor and Chief Investment Officer of Forum Financial Management, LLC. Norm is known in the financial services industry as an entertaining and insightful public speaker, asset manager, and adviser to high net worth individuals and businesses.

Norm has experience managing \$3.3 billion in client funds and is primarily responsible for portfolio design and investment analysis. He focuses on advising in the areas of Estate and Business Succession Planning. Norm has appeared on CNBC, WMAQ and has been quoted in numerous publications including The New York Times and the Chicago Tribune. He is the co-author of Wealth Management in the New Economy (Feb 2010), published by John Wiley & Sons.

Norm is a graduate of Illinois Institute of Technology, where he earned a Bachelor's Degree in Management and Finance. He also holds a JD from Chicago-Kent College of Law.

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Brian T. Savage

CPA, PFS, CFP®, *Partner*

Brian T. Savage is a Senior Advisor and Chief Compliance Officer of Forum Financial Management, LLC.

Brian was one of the original Principals of The Terra Financial Companies. During his 15 years at Terra, he served as the Chief Financial Officer and Chief Compliance Officer. Terra started as a six-person business and Brian was instrumental in helping the firm grow into a national, multidisciplinary financial services organization.

Brian is a graduate of Western Illinois University's College of Business, where he earned a Bachelor's Degree in Accounting. He has recently been appointed and serves proudly on the Western Illinois University Alumni Council. Brian is a member of the American Institute of Certified Public Accountants (AICPA), the Illinois CPA Society, the National Society of Public Accountants and the Institute of Certified Financial Planners.

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David L. Strulowitz

JD, LL.M., *Partner*

David L. Strulowitz is a Senior Advisor with Forum Financial Management, LLC. His clientele consists of successful Chicago professionals, business owners and retirees. His guidance helps them make insightful financial decisions that have helped them accumulate significant assets, and enabled them to look forward to retirement in the lifestyle they desire. His knowledge, expertise and experience make him an invaluable person in their lives.

David's background is as a tax attorney who has written and spoken extensively on financial, estate and tax planning including appearances on WGN radio's "Noon Business Hour" with Sherman Kaplan and Kris Kridel, and co-authoring the book [The Intelligent Guide to Your Financial Future](#) (2005). As a Senior Vice President for a GE Financial company, David managed the financial planning activities of over 1200 accountants nationally.

He earned a B.S. in Business and Accounting from Boston University; a J.D. from BU's School of Law and an LL.M. in taxation from NYU's School of Law. He is a member of the Chicago 2006 Wexner Heritage Program and past president of a prominent North Shore day school. Currently he serves on the Board of Trustees of The Ark and lectures on Jewish spirituality topics through the Dawn Schuman Institute.

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Arvin T. Weindruch

CPA, PFS, *Partner*

Arvin T. Weindruch is a Senior Advisor with Forum Financial Management, LLC. He is also a co-founder of a CPA firm with more than 25 years of experience advising clients.

Arvin specializes in the integration of tax and estate planning with diverse investment strategies. He provides his clients with a personalized, solid, actionable financial plan based on their specific needs. He enjoys the challenge of listening and understanding each client's goals and takes great pride in helping to achieve them.

Arvin has been consistently recognized for his commitment, dedication, service and excellence in the financial services industry. Arvin is a graduate of Loyola University and is a member of the Illinois CPA Society and the American Institute of Certified Public Accountants (AICPA).

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Mary Pat Wesche

CPA, PFS, CFP®, *Partner*

Mary Pat Wesche is a Senior Advisor and Chief Financial Officer of Forum Financial Management, LLC. Mary Pat specializes in tax and investment planning for closely held companies and their owners, as well as high net worth individuals. She also consults in the business acquisition and divestiture areas. She was named one of 2008's Influential Women in Business by The Business Ledger and The National Association of Women Business Owners Chicago Area Chapter.

Mary Pat began her career in financial services over 25 years ago as a college intern for Ernst and Young. After graduation, she spent time in public accounting and at The Quaker Oats Company, concentrating in financial and strategic planning within Quaker's corporate and international areas. In August 2005, Mary Pat joined the partners of Forum Financial Management, LLC, Forum Tax and Accounting Services, LLC and Forum CPA Group.

Mary Pat received her Master of Management degree from Kellogg Graduate School of Management at Northwestern University. She received her Bachelor's Degree in Accounting from St. Joseph's College. Mary Pat recently completed three years as President of the Board of Directors for DuPage P.A.D.S., Inc., and continues to serve as a board member.

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Jonathan M. Rogers

CFP®, *Partner*

Jonathan Rogers is an advisor and Director of Advisor Services at Forum Financial Management, LLC.

Jonathan also serves as a key member of the Investment Committee of Forum Financial Management, LLC. Jonathan previously worked for Dimensional Fund Advisors (DFA) in the Financial Advisor Services Group for 4 years, where he had sales and business development responsibilities.

As Director of Advisor Services, Jonathan focuses on putting our resources to work effectively for each advisor. He works closely with advisors to provide an exceptional client experience by tailoring our marketing and analytical resources to meet our clients' needs. He also leads our ongoing effort to improve the value-add we deliver through better technology and service.

Jonathan will be completing his MBA from The University of Chicago Booth School of Business in June 2012. He graduated from The University of Texas at Austin in 2006, where he earned a BBA in Finance and BA Plan II Honors. Jonathan is a Certified Financial Planner™ and member of the Financial Planning Association.

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Forum's Investment Philosophy & Approach

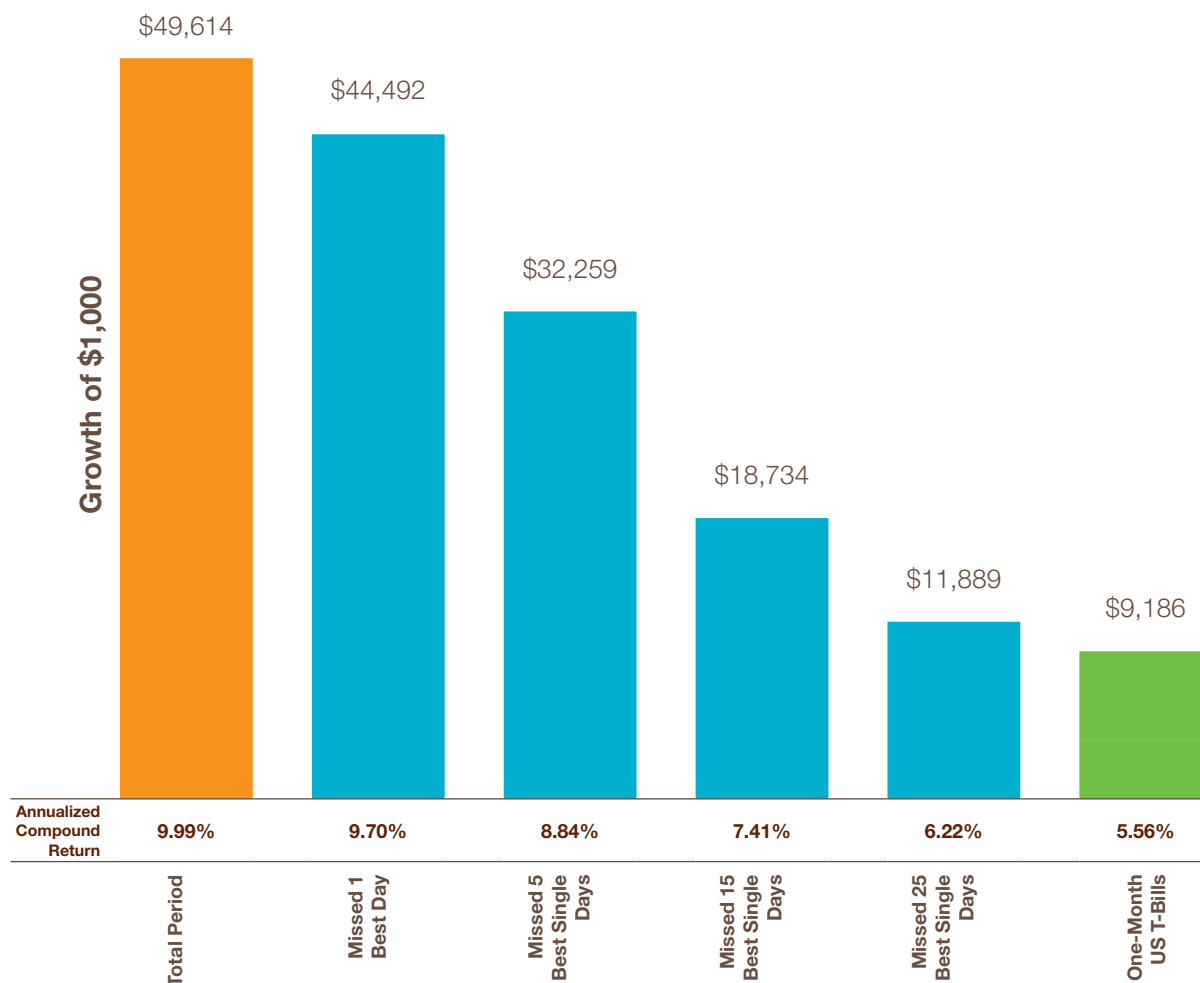
Forum's approach utilizes a highly diversified, low cost, passive investment strategy based on an investment philosophy derived from decades of academic research in financial and market theory.

The four key components of this approach are:

- Markets work. Capital markets do a good job of fairly pricing all available information and investor expectations about publicly traded securities
 - Passive strategies reward investors with market returns
 - Efficient Markets Hypothesis
 - Active management has limitations
- Diversification is key. Comprehensive, global asset allocation can neutralize the risks specific to individual securities.
 - Capital Asset Pricing Model
 - Asset class returns are random
- Risk and return are related. The compensation for taking on increased levels of risk is the potential to earn greater returns.
 - Market returns are volatile
- Portfolio structure explains performance. The asset classes that comprise a portfolio and the risk levels of those asset classes are responsible for most of the variability of portfolio returns.
 - Structured passive approach utilized
 - Five factors help determine expected returns
 - Size and value effects are strong across global markets
 - Shorter-term fixed income securities can lower portfolio volatility

Performance of the S&P 500 Index

Daily: January 1, 1970-December 31, 2010



Performance data for January 1970-August 2008 provided by CRSP; performance data for September 2008-December 2009 provided by Bloomberg.

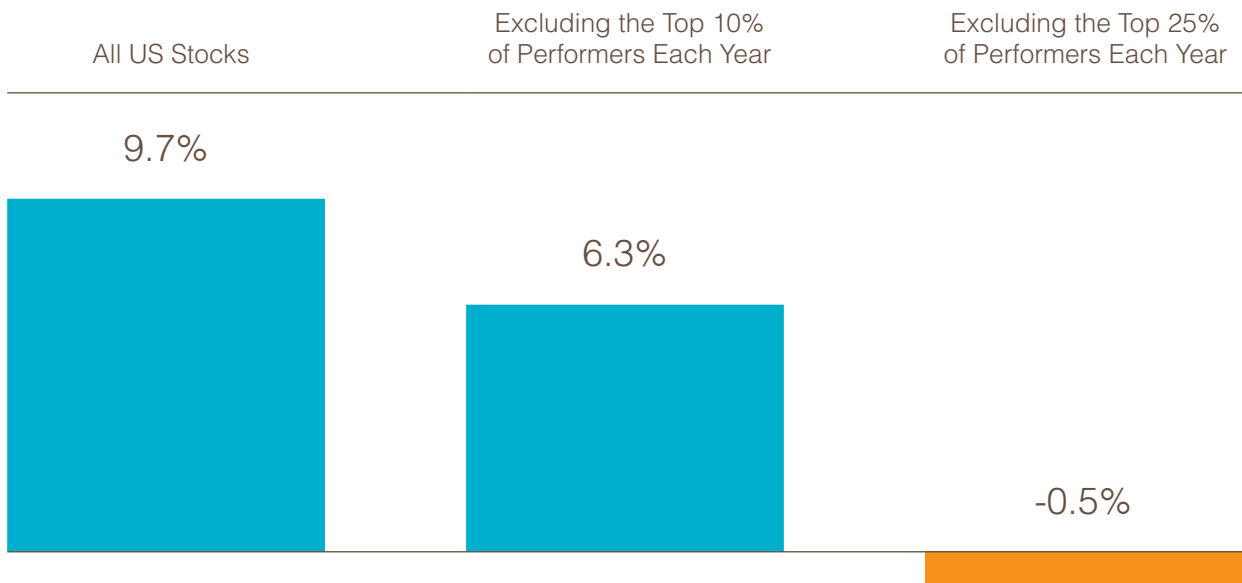
The S&P data are provided by Standard & Poor's Index Services Group. US bonds and bills data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Dimensional Fund Advisors is an investment advisor registered with the Securities and Exchange Commission. Information contained herein is compiled from sources believed to be reliable and current, but accuracy should be placed in the context of underlying assumptions. This publication is distributed for educational purposes and should not be considered investment advice or an offer of any security for sale. Past performance is not a guarantee of future results. Unauthorized copying, reproducing, duplicating, or transmitting of this material is prohibited.

Date of first use: June 1, 2006.

Missing Opportunity

Compound Average Annual Returns: 1926-2010



Strong performance among a few stocks accounts for much of the market's return each year.

There is no evidence that managers can identify these stocks in advance—and attempting to pick them may result in missed opportunity.

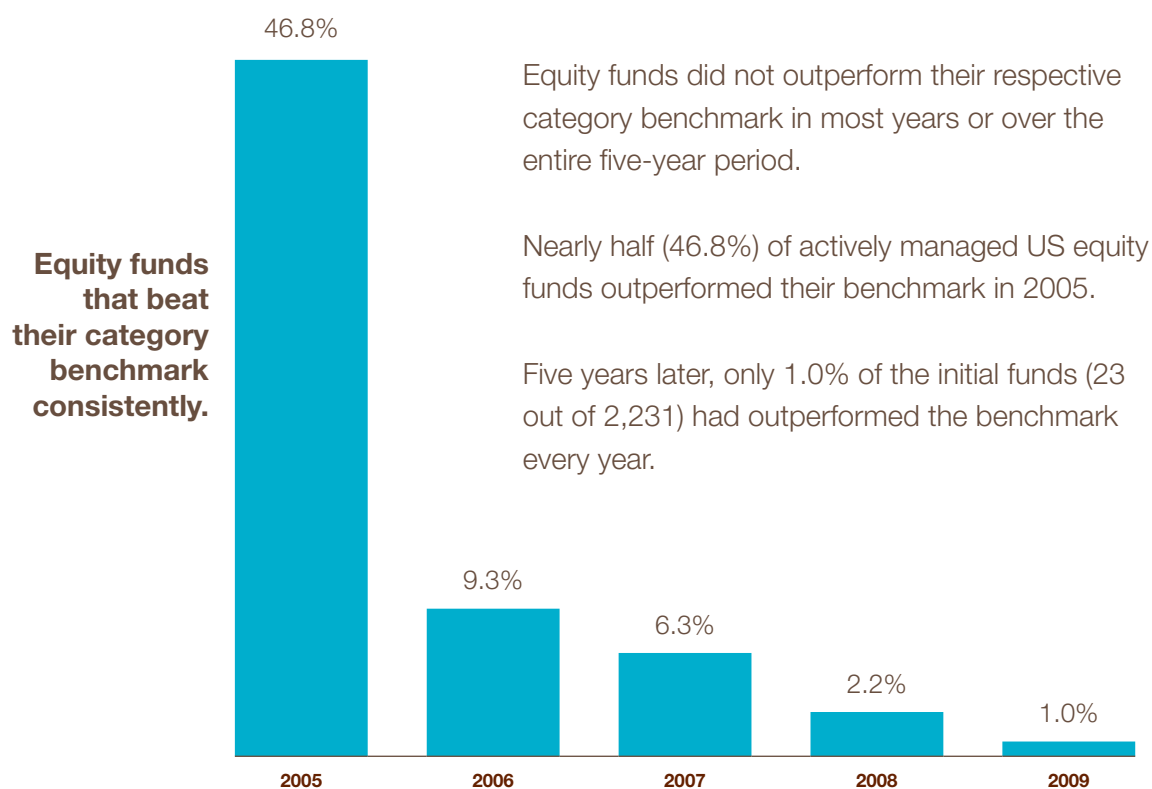
Investors should diversify broadly and stay fully invested to capture expected returns.

Few Consistent Equity Fund Winners

Actively Managed US Equity Funds 2005-2009

Although about 70% of the actively managed US equity funds (1,554 out of 2,231) survived the five-year period, most funds did not outperform their category benchmark. This graph shows the percentage of the initial funds that survived and beat their benchmark in consecutive years. In the first year (2005), 46.8% of the funds were winners, but by year five (2009), only 1% of the funds (23 out of the 2,231 initial) had survived and consistently outperformed their benchmark.

Additional statistics from the study reveal the inconsistency of active fund performance. In any given year, an average of 46.4% of existing funds beat their benchmark. Over the entire period, only 36.6% of initial funds had total five-year returns above their respective benchmarks. Despite the strong evidence against active strategies, some people may believe that, as a group, active managers can add value. The challenge comes in identifying winning managers in advance. Some investors attempt this by choosing managers with strong past performance. Evidence does not support their approach. In the five-year period under study, recent winners did not reliably repeat their outperformance. In fact, less than half (35.3%) of the funds that beat their benchmark in the preceding year did so again in the following year.



Data provided by CRSP Survivor-Bias-Free US Mutual Fund Database. Sample includes mutual funds existing as of 12/2004. Returns analyzed for the five-year period from 2005-2009. Multiple share classes are aggregated to fund level. Index funds, inverse funds, and leveraged funds are excluded.

A benchmark is a standard against which the performance of an individual security or group of securities is measured. It is usually based on published indexes of securities of the same or similar class. However customized ones maybe used to suit a particular investment strategy. Past performance is not a guarantee of future results. Values change frequently, and past performance may not be repeated. There is always the risk that an investor may lose money.

Efficient Markets Hypothesis

Eugene F. Fama, University of Chicago

The Hypothesis States:

- Current prices incorporate all available information and expectations.
- Current prices are the best approximation of intrinsic value.
- Price changes are due to unforeseen events.
- “Mispricings” do occur but not in predictable patterns that can lead to consistent outperformance.

Implications:

- Active management strategies cannot consistently add value through security selection and market timing.
- Passive investment strategies reward investors with capital market returns.

Value Added: Efficient Market Investing

Asset Class Management

- Grounded in the efficiency of capital markets.
- Captures specific dimensions of risk identified by academic research.
- Minimizes transaction costs and enhances returns through trading and engineering.

Active Management

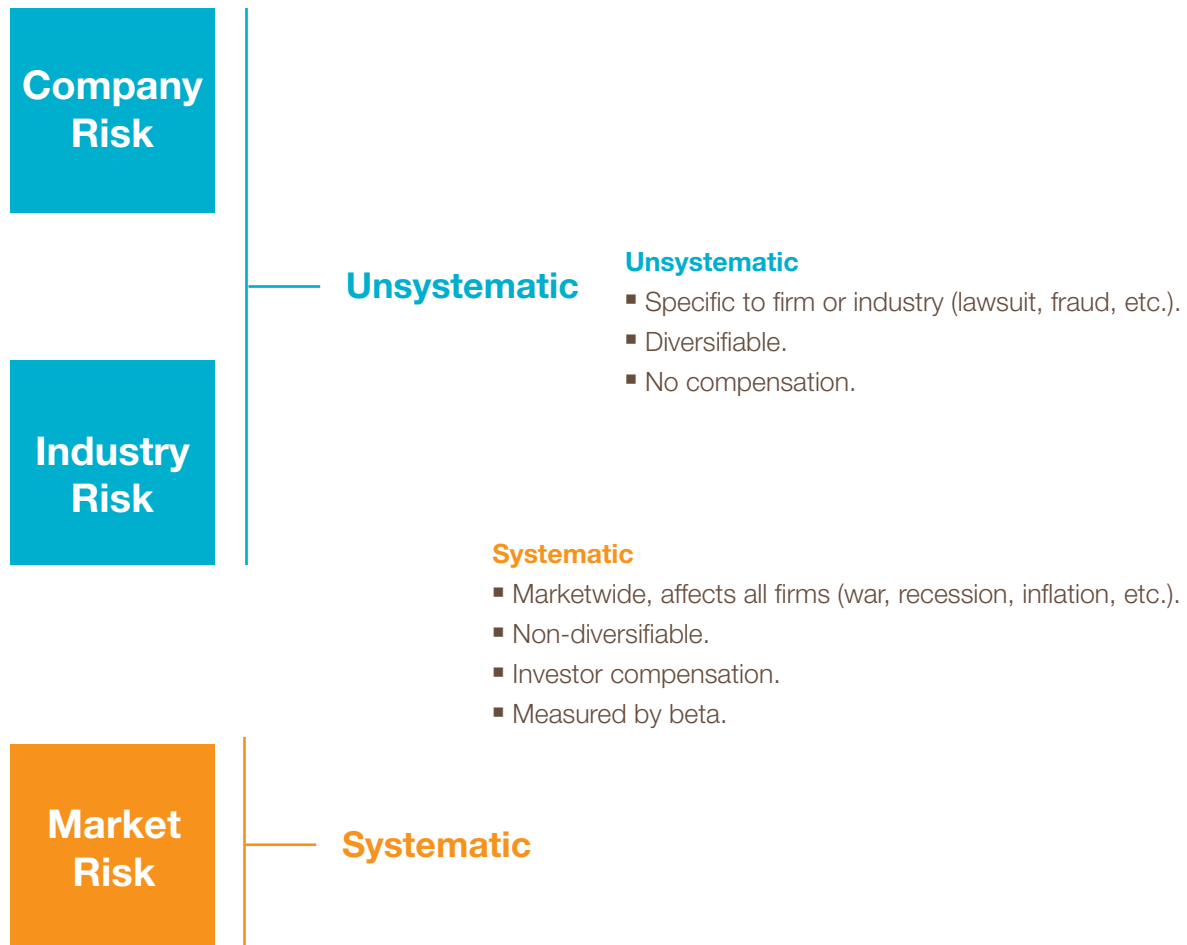
- Attempts to beat the market through security selection and market timing.
- Undermines asset class exposure to keep up with the most “promising” securities.
- Generates higher fees, trading costs, and tax consequences due to increased turnover.

Index Management

- Accepts asset class returns.
- Allows commercial benchmarks to define strategy.
- Sacrifices transaction costs and turnover in favor of tracking.

Capital Asset Pricing Model

William Sharpe: Nobel Prize in Economics, 1990



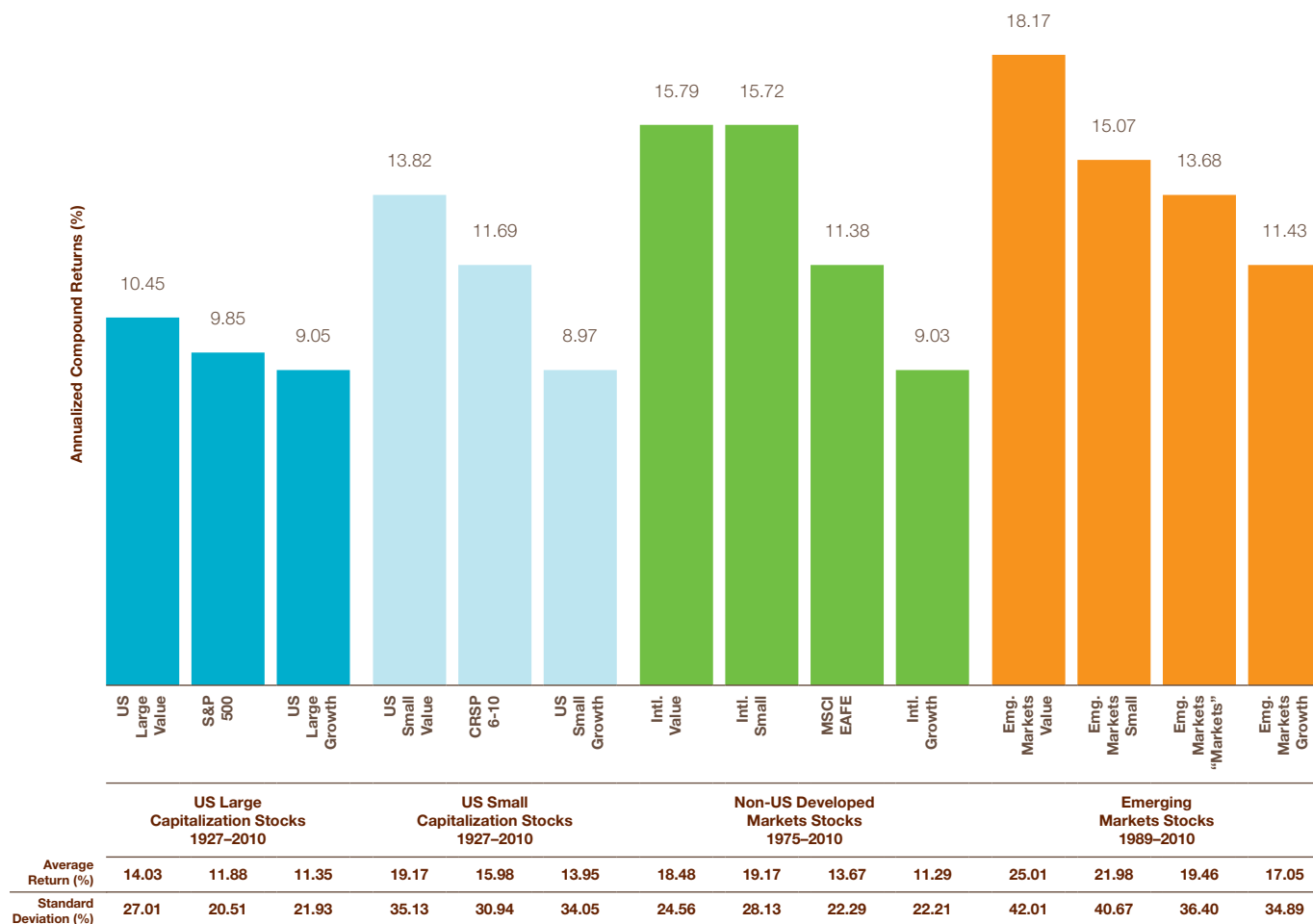
Unsystematic/Nonmarket Risk is firm-specific, the risk of investing in a particular company or security rather than in a different company or security. This is the risk that your Starbucks stock will decrease in value if consumers drink less coffee, or that Toyota will increase because car buyers are crazy about the new Camry. You diversify that risk by creating a portfolio of securities of companies that have different businesses, so when food-related stocks are not doing well, auto stocks will be. You can see that this is the basic strategy of using a wide variety of baskets to put your eggs in. This kind of risk can be overcome through diversification and is also called nonsystematic risk, because it is the risk of one security only and not of the system as a whole. Nonmarket risk is also what you might call sector risk, the risk that I have invested in energy companies rather than in airlines. Forum believes that investors are not compensated for this kind of risk and as such should diversify by owning enough stocks to reduce or eliminate this risk.

Systematic Risk/Market Risk is the risk of investing in the capital markets. You have this risk with any investment in the markets and you cannot overcome this risk by diversifying which securities you buy. This is called systematic risk because it is the risk of the whole system. It is also called beta. Forum believes that diversification means not putting all your eggs in one basket. Market risk refers to the fact that you have eggs, no matter how many baskets you put them in.

Beta measures volatility relative to the total market. A beta higher than the market's beta of 1 implies more volatility, and a beta lower than the market's implies less volatility.

Size and Value Effects Are Strong Around the World

Annual Index Data



In US dollars. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. US value and growth index data (ex utilities) provided by Fama/French. The S&P data are provided by Standard & Poor's Index Services Group. CRSP data provided by the Center for Research in Security Prices, University of Chicago. International Value data provided by Fama/French from Bloomberg and MSCI securities data. International Small data compiled by Dimensional from Bloomberg, StyleResearch, London Business School, and Nomura Securities data.

Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. Small company risk: Securities of small firms are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price. Emerging markets risk: Numerous emerging countries have experienced serious, and potentially continuing, economic and political problems. Stock markets in many emerging countries are relatively small, expensive, and risky. Foreigners are often limited in their ability to invest in, and withdraw assets from, these markets. Additional restrictions may be imposed under other conditions. Foreign securities and currencies risk: Foreign securities prices may decline or fluctuate because of: (a) economic or political actions of foreign governments, and/or (b) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the US dollar).

The Randomness of Returns

Annual Return (%)

Iraq Invades Kuwait	Recession in U.S.; Soviet Union Dissolves	Los Angeles Riots	Midwestern U.S. Floods	Fed Raises Interest Rates Six Times	Dow Tops 4000... and 5000; Market "Too High"	Technology Stocks Stumble	Chaos in Asian Markets	Global Economic Turmoil	Fear of Y2K Computer Problems	Internet Bubble Burst
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
9.6%	48.5%	37.2%	45.6%	14.8%	37.6%	37.1%	34.9%	28.6%	61.6%	31.0%
8.9%	47.1%	21.5%	34.4%	12.0%	35.3%	25.5%	33.4%	24.8%	33.4%	15.6%
5.0%	35.7%	16.0%	28.1%	9.2%	35.0%	23.0%	30.8%	14.7%	30.2%	13.2%
-3.1%	30.5%	15.1%	23.1%	5.6%	32.5%	21.3%	24.3%	11.3%	27.5%	11.2%
-12.0%	23.8%	8.0%	18.7%	2.7%	21.3%	19.6%	19.7%	10.5%	25.3%	10.5%
-16.5%	19.0%	7.6%	16.8%	2.5%	18.2%	14.0%	16.2%	10.2%	21.5%	7.3%
-17.1%	14.1%	6.9%	15.1%	2.3%	14.4%	9.1%	11.5%	9.7%	21.0%	1.5%
-17.9%	13.8%	4.7%	13.7%	1.3%	12.2%	8.7%	7.7%	8.5%	20.5%	-2.0%
-23.4%	8.7%	-4.7%	10.1%	-0.2%	7.9%	5.9%	5.9%	5.9%	14.0%	-4.3%
-23.4%	5.8%	-20.6%	8.2%	-0.6%	5.6%	5.5%	-6.2%	3.9%	4.0%	-8.0%
-27.3%	5.2%	-21.4%	3.7%	-1.7%	4.0%	4.1%	-14.5%	-4.6%	2.4%	-9.1%
				-3.1%	1.0%	3.5%	-15.1%	-5.7%	0.6%	-12.3%
				-4.6%	-12.0%	2.8%	-22.1%	-17.0%	0.5%	-12.9%
								-21.4%	-2.6%	-31.2%

Index	
Bonds	Per Annum
Barclays Capital US Government Bond Index Intermediate	6.30%
Barclays Capital US TIPS Index	7.07%
Global Government Bond Composite Index (hedged, Citigroup)	6.81%
BofA Merrill Lynch 1-Year US Treasury Note Index	4.41%

Index	
U.S.	Per Annum
Dimensional U.S. Small Cap Value	13.52%
Dimensional US Micro Cap Index	10.23%
Dimensional US Adjusted Market 2 Index	9.81%
Dow Jones US Select REIT Index	9.53%
S&P 500 Index	8.22%

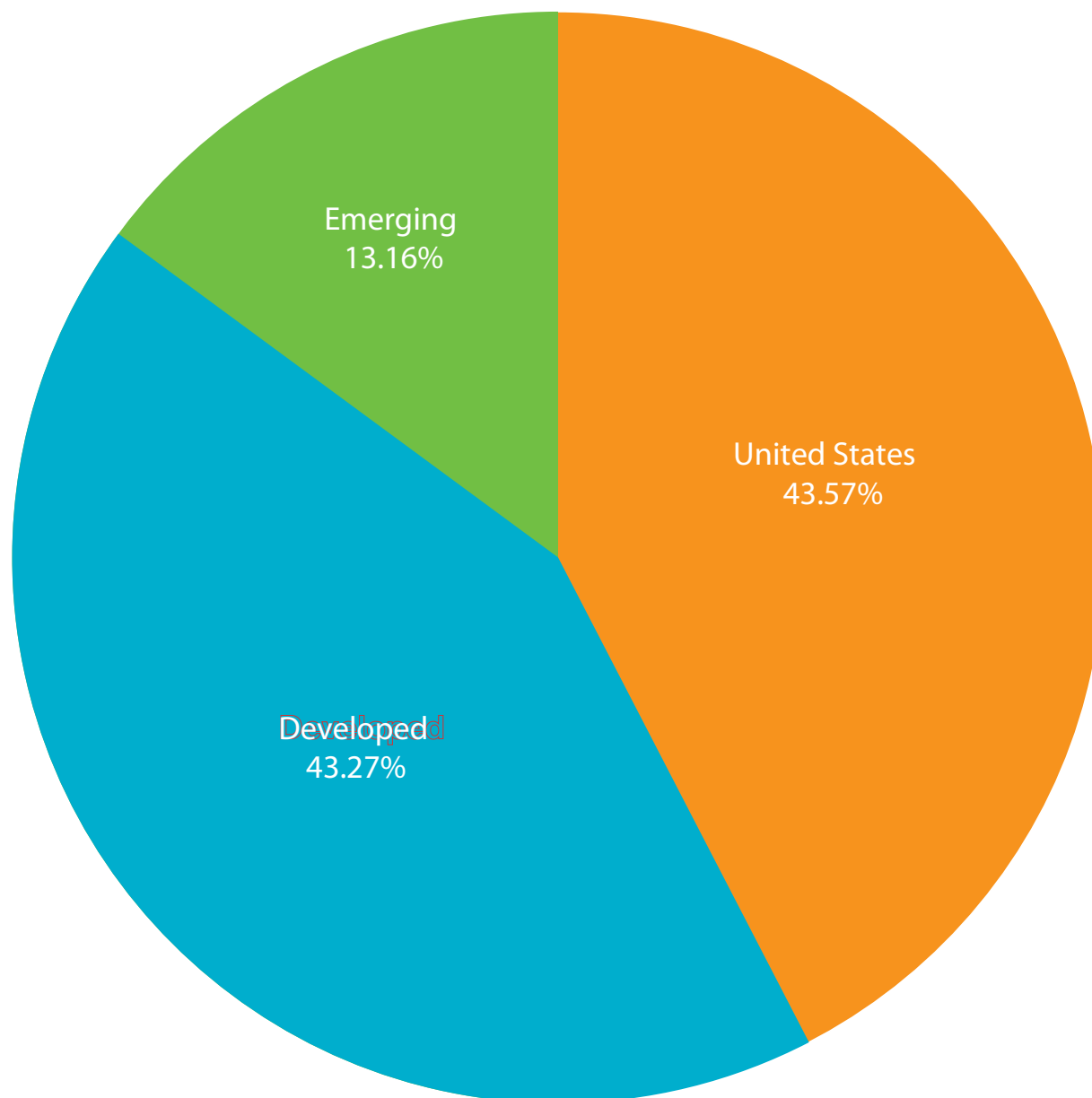
World Trade Center and Pentagon Terrorist Attacks	Corporate Scandals	War in Iraq	Escalating Oil Prices	Two Major Hurricanes Escalating Natural Resources Prices	Iran/North Korea Nuclear Crisis	Credit Meltdown	Commodity Bubble Banking Crisis Global Recession	Struggling Economic Recovery	Gold Reaches Record Highs	Downgrade of U.S. Credit Rating
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
27.1%	16.6%	79.3%	35.1%	29.0%	36.1%	47.0%	11.6%	91.4%	33.5%	13.6%
16.4%	9.6%	66.8%	33.2%	24.1%	36.0%	11.6%	10.4%	58.9%	31.0%	9.4%
12.3%	7.5%	66.0%	32.8%	22.6%	27.7%	10.0%	4.7%	47.8%	28.1%	9.1%
8.4%	3.8%	65.6%	32.1%	19.3%	27.5%	9.6%	-2.4%	44.8%	25.6%	6.1%
7.9%	3.6%	60.2%	27.4%	13.8%	26.3%	8.5%	-37.0%	43.0%	22.1%	2.1%
7.3%	3.4%	52.6%	25.3%	10.0%	22.2%	8.0%	-38.2%	40.4%	20.7%	0.6%
5.3%	-2.9%	40.1%	18.4%	8.0%	20.7%	6.2%	-39.2%	32.6%	19.2%	-2.0%
2.2%	-2.9%	36.2%	16.3%	6.2%	17.6%	5.9%	-39.8%	30.8%	15.1%	-8.5%
-0.3%	-8.4%	33.8%	15.2%	5.3%	17.5%	5.5%	-40.3%	28.5%	14.8%	-10.3%
-6.5%	-13.7%	28.7%	10.9%	5.1%	15.8%	5.4%	-41.9%	26.5%	12.3%	-12.1%
-11.9%	-18.4%	8.4%	8.5%	4.9%	4.3%	1.5%	-42.5%	11.4%	6.3%	-14.7%
-16.3%	-19.2%	2.3%	4.3%	2.8%	3.8%	-7.0%	-44.8%	0.8%	5.0%	-15.1%
-16.5%	-19.5%	1.5%	2.3%	2.4%	2.8%	-13.5%	-47.1%	-0.3%	4.5%	-15.6%
-16.7%	-22.1%	1.4%	0.8%	1.7%	0.5%	-17.6%	-53.2%	-1.6%	0.8%	-20.8%

Index	
International	Per Annum
Dimensional International Small Cap Value Index	6.65%
Dimensional Emerging Markets Adjusted Market Index	6.78%
Dimensional International Small Cap Index	4.54%
Dimensional International Adjusted Market Index	6.30%
MSCI EAFE Index	3.42%

Per Annum: January 1, 1990 to December 31, 2011 (annualized), except where index data inception after January 1, 1990. Barclays Capital US TIPS Index data begins March 1, 1997. Dimensional International Adjusted Market Index and Dimensional Emerging Markets Adjusted Market Index data begins January 1, 1994. In US dollars. The S&P 500 Index, provided by Standard & Poor's Index Services Group. Dow Jones US Select REIT Index, provided by Dow Jones Indexes. Dimensional US and International Indexes provided by Dimensional. MSCI data copyright MSCI 2011, all rights reserved. Dimensional International Small Cap and Dimensional International Small Cap Value data compiled by Dimensional from Bloomberg, StyleResearch, London Business School, and Nomura Securities data. Dimensional Emerging Markets Adjusted Market Index compiled by Dimensional from Bloomberg Securities data. BofA Merrill Lynch One-Year US Treasury Note Index, copyright 2011 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Citigroup Global Government Bond Composite Index (hedged), copyright 2012 by Citigroup. Barclays Capital US TIPS Index provided by Barclays Capital. Barclays Capital US Government Bond Index Intermediate provided by Barclays Capital. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. All Dimensional data provided by Dimensional Fund Advisors, Inc.

Global Market Breakdown

May 2011



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Equity Returns of Developed Markets

Annual Return (%)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Australia	42.28	9.25	36.40	9.30	-17.54	33.64	-10.82	35.17	5.40	11.19	16.49
Austria	34.74	2.23	0.57	103.91	6.33	-12.23	-10.65	28.09	-6.28	-4.72	4.51
Belgium	78.37	7.88	53.63	17.29	-10.98	13.77	-1.47	23.51	8.24	25.88	12.03
Canada	9.94	13.91	17.07	24.30	-13.00	11.08	-12.15	17.58	-3.04	18.31	28.54
Denmark	1.24	13.23	52.67	43.94	-0.91	16.56	-28.25	32.81	3.77	18.78	21.79
France	78.35	-13.81	37.87	36.15	-13.83	17.83	2.81	20.91	-5.18	14.12	21.20
Germany	35.29	-24.75	20.60	46.26	-9.36	8.16	-10.27	35.64	4.66	16.41	13.58
Hong Kong	56.11	-4.11	28.12	8.39	9.17	49.52	32.29	116.70	-28.90	22.57	33.08
Italy	108.28	-21.30	11.46	19.42	-19.19	-1.82	-22.22	28.53	11.56	1.05	12.59
Japan	99.41	43.03	35.39	1.71	-36.10	8.92	-21.45	25.48	21.44	0.69	-15.50
Netherlands	40.74	7.07	14.19	35.79	-3.19	17.80	2.30	35.28	11.70	27.71	27.51
Norway	-2.52	5.67	42.40	45.53	0.65	-15.50	-22.29	42.04	23.57	6.02	28.63
Singapore	45.17	2.28	33.32	42.26	-11.66	24.96	6.28	67.97	6.68	6.45	-6.86
Spain	121.25	36.91	13.53	9.76	-13.85	15.63	-21.87	29.78	-4.80	29.83	40.05
Sweden	65.59	1.99	48.33	31.79	-20.99	14.42	-14.41	36.99	18.34	33.36	37.21
Switzerland	33.37	-9.45	6.18	26.21	-6.23	15.77	17.23	45.79	3.54	44.12	2.28
United Kingdom	26.95	35.09	5.95	21.87	10.29	16.02	-3.65	24.44	-1.63	21.27	27.42
United States	16.28	2.91	14.61	30.01	-3.15	30.07	6.39	9.15	1.13	37.14	23.24

In US dollars.

Source: MSCI EAFE Index is net of foreign withholding taxes on dividends; copyright MSCI 2011, all rights reserved. Emerging markets index data simulated by Fama/French from countries in the IFC Investable Universe; simulations are free-float weighted both within each country and across all countries."

**Boxed Return is
highest return
for the year.**

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
-10.44	6.07	17.62	-9.95	1.68	-1.34	49.46	30.34	16.02	30.86	28.34	-50.67	76.43	14.52
1.57	0.35	-9.11	-11.96	-5.65	16.55	56.96	71.52	24.64	36.54	2.17	-68.41	43.20	9.88
13.55	67.75	-14.26	-16.85	-10.89	-14.97	35.33	43.53	9.05	36.66	-2.73	-66.48	57.49	-0.42
12.80	-6.14	53.74	5.34	-20.43	-13.19	54.60	22.20	28.31	17.80	29.57	-45.51	56.18	20.45
34.52	8.99	12.06	3.44	-14.81	-16.03	49.25	30.82	24.50	38.77	25.59	-47.56	36.57	30.73
11.94	41.54	29.27	-4.31	-22.36	-21.18	40.22	18.48	9.88	34.48	13.24	-43.27	31.83	-4.11
24.57	29.43	20.04	-15.59	-22.39	-33.18	63.80	16.17	9.92	35.99	35.21	-45.87	25.15	8.44
-23.29	-2.92	59.52	-14.74	-18.61	-17.79	38.10	24.98	8.40	30.35	41.20	-51.21	60.15	23.23
35.48	52.52	-0.26	-1.33	-26.59	-7.33	37.83	32.49	1.90	32.49	6.06	-49.98	26.57	-15.01
-23.67	5.05	61.53	-28.16	-29.40	-10.28	35.91	15.86	25.52	6.24	-4.23	-29.21	6.25	15.44
23.77	23.23	6.88	-4.09	-22.10	-20.83	28.09	12.24	13.85	31.38	20.59	-48.22	42.25	1.74
6.24	-30.06	31.70	-0.89	-12.22	-7.26	48.11	38.39	24.26	45.12	31.43	-64.24	87.07	10.95
-30.05	-12.88	99.40	-27.72	-23.42	-11.05	37.60	22.27	14.37	46.71	28.35	-47.35	73.96	22.14
25.41	49.90	4.83	-15.86	-11.36	-15.29	58.46	28.93	4.41	49.36	23.95	-40.60	43.48	-21.95
12.92	13.96	79.74	-21.29	-27.18	-30.49	64.53	36.28	10.31	43.39	0.62	-49.86	64.16	33.75
44.25	23.53	-7.02	5.85	-21.38	-10.31	34.08	14.96	16.33	27.40	5.29	-30.49	25.31	11.79
22.62	17.80	12.45	-11.53	-14.05	-15.23	32.06	19.57	7.35	30.61	8.36	-48.34	43.30	8.76
33.38	30.14	21.92	-12.84	-12.39	-23.09	28.41	10.14	5.14	14.67	5.44	-37.57	26.25	14.77

Bonds, Yields and Risk

Rock-bottom interest rates have people asking, “Where can I get yield?” The temptation of higher rates can be almost irresistible, even to the most seasoned investor.

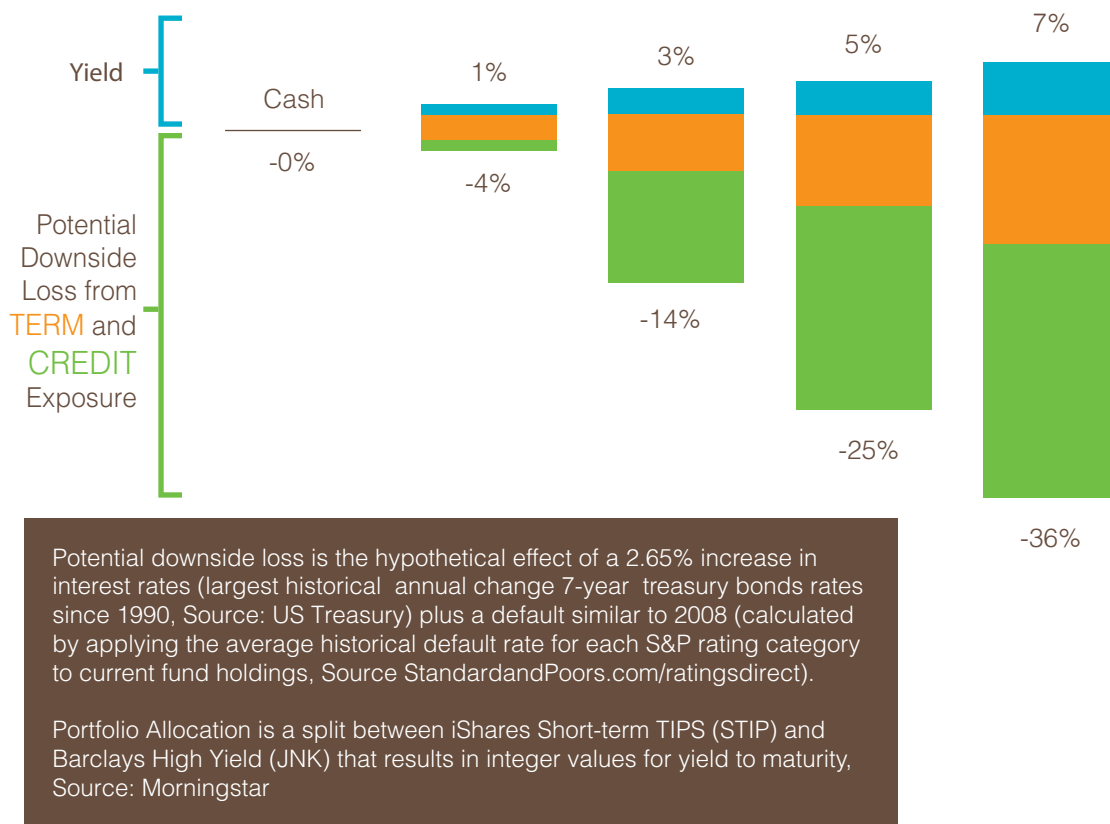
Let us first dispel a common misconception – that active bond managers can identify better bonds increasing yield without taking on additional risk. In reality, bond managers are actually WORSE at beating the market than their equity counterparts, with only 23% of bond managers able beat the index whereas on average 34% of active equity managers beat the index. ¹

There are only two ways to increase yields, extending maturities or credit quality, but both introduce substantial risk to the money you have invested in bonds. Once again, we see risk and return are related, and shifting into riskier bonds can lead to cracks in what should be the sturdy foundation of a balanced portfolio.

Risk in Numbers

So, what exactly is the risk of reaching for bit more yield? As an answer to this question, we calculated what downside loss could result from increasing yields by investing in bonds with a longer duration and lower credit quality.

Potential Downside Loss ¹



The chart above contains some shocking news for many investors. A high yield bond investor targeting 5% may be exposed to a 25% loss of capital in a single year if both interest rates changes and default simultaneously rose at historical highs. One third of this loss is driven by rising interest rates, which hurt current bond prices, and the other two thirds result from default. Investors often do not realize that the risk of high-yield bond funds can approach that of equities, with a very real chance of substantial losses. Investors who need a higher return than CD rates must accept some volatility of principle. For such investors, a small allocation to equity markets provides a more risk-efficient means of increasing expected return.

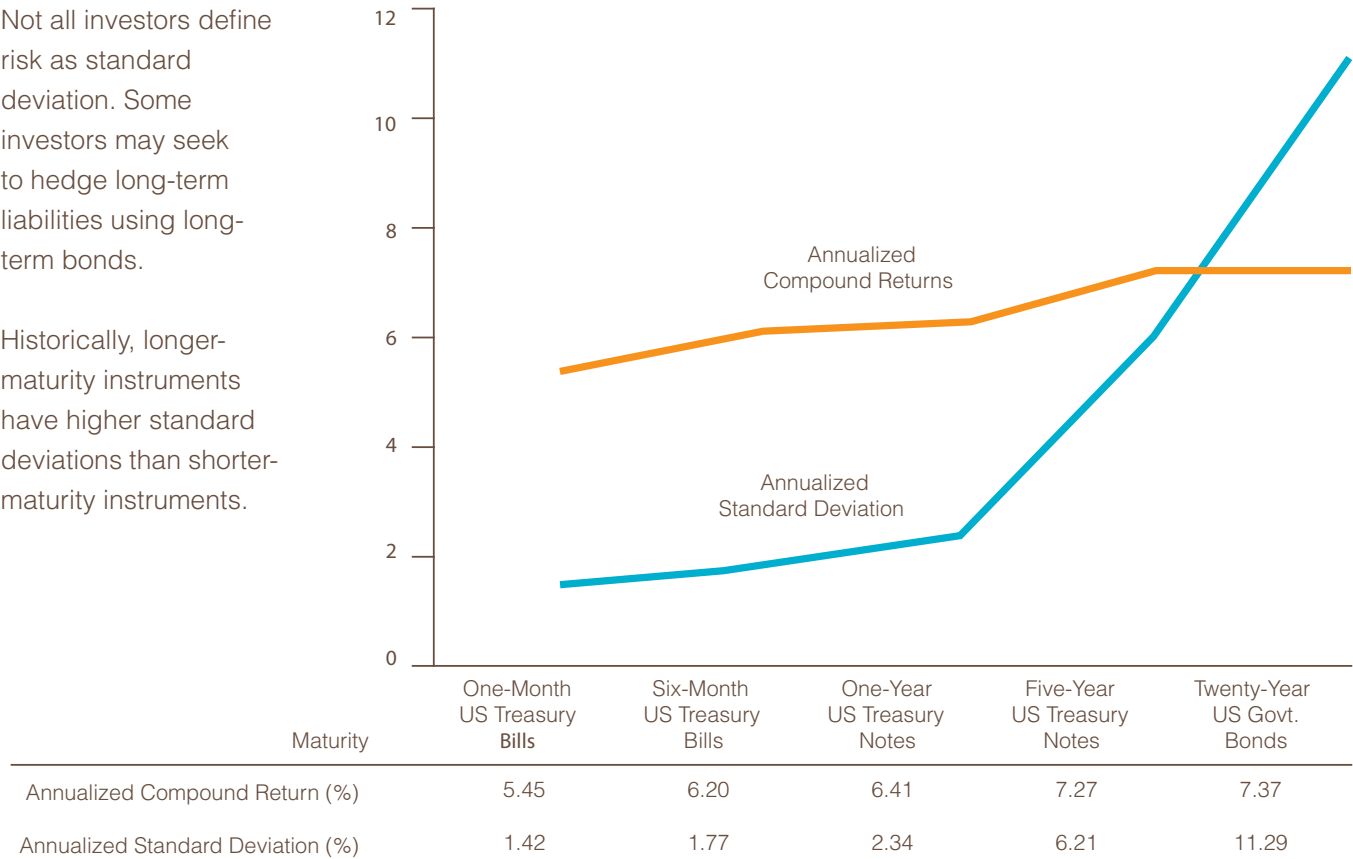
¹See SPIVA Study 2010; average of bond fund categories.

Evaluating the Maturity Risk/Return Tradeoff

Quarterly: 1964–2010

Not all investors define risk as standard deviation. Some investors may seek to hedge long-term liabilities using long-term bonds.

Historically, longer-maturity instruments have higher standard deviations than shorter-maturity instruments.



Investment Philosophy

Source: One-Month US Treasury Bills, Five-Year US Treasury Notes, and Twenty-Year (Long-Term) US Government Bonds provided by Ibbotson Associates. Six-Month US Treasury Bills provided by CRSP (1964-1977) and B of A Merrill Lynch (1978-present). One-Year US Treasury Notes provided by CRSP (1964-May 1991) and B of A Merrill Lynch (June 1991-present). Ibbotson data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). CRSP data provided by the Center for Research in Security Prices, University of Chicago. The Merrill Lynch Indices are used with permission; copyright 2011 B of A Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved.

Indexes are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. In general, fixed income securities with longer maturities are more sensitive to these price changes and may experience greater fluctuation in returns.



Part 2A of Form ADV: Firm Brochure

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Material Changes

The SEC adopted “Amendments to Form ADV” in July, 2010. This document (the Firm Brochure), dated February 1, 2012, is our most recent disclosure document prepared according to the SEC’s new requirements and rules. There have been no material changes to this document since the last filing.

The Firm Brochure, it will be used to provide Forum’s clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information. Consistent with the new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent firm Brochures within 120 days of the close of Forum’s fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Advisory Business

Forum Financial Management, LLC is an SEC Registered Investment Adviser with its principal place of business located in Lombard, Illinois. Forum began conducting business in May 2002. No one individual or entity controls more than 25% of the company.

Forum offers the following advisory services to our clients:

Portfolio Management

Forum manages investment advisory accounts using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. Through personal discussions and completion of a Risk Tolerance Questionnaire, each client’s goals and objectives are established. Based on this information, Forum will determine which model portfolio is suitable to the client’s circumstances. Each client’s objectives and Forum’s recommended portfolio for each client is documented in an Investment Portfolio Statement (IPS). Forum may, 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. 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. Clients will retain individual ownership of all securities. Forum will manage advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of the client (i.e., Aggressive Growth, Growth, Growth and Income, Income and Growth, and Income).

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 include institutional style-specific asset class mutual funds, U.S. government securities and municipal bonds. Institutional style-specific asset class mutual funds are widely, but not exclusively, used to effectively mirror the asset classes in the model portfolio and minimize client costs. Forum will primarily use Dimensional Fund Advisors, Inc’s (DFA) institutional mutual funds to implement a client’s portfolio. DFA is an institutional investment advisory firm that manages over \$160 billion of assets. DFA’s mutual funds are generally only available to advisors approved by DFA. DFA’s approach is passive and based on the efficient market hypothesis. Unlike an index fund, they 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 engineered to capture specific risk/return characteristics with reliability and transparency. These characteristics include, the small-cap and value effect of the Fama-French Three Factor Model. 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 efficient and style consistency. Forum will primarily use DFA funds with the following exceptions:

1. When Forum believes individual U.S. treasuries or municipal bonds are a better alternative;
2. When there is a benefit to holding high yield bonds; or
3. When Forum determines that a better alternative is available.
4. Forum may also, from time to time, enter into additional written sub-advisory agreements with third party registered investment advisers as it deems appropriate and in the best interests of clients.

In addition, Forum may employ a laddered bond strategy for certain clients, or for a portion of the portfolio of certain clients, in an attempt to reduce portfolio volatility, provide income, and/or extend the maturities of the bond portion of the portfolio, with consideration for the appropriateness of the overall fixed income holdings. Laddering bonds means purchasing individual bonds, typically treasuries or insured municipal bonds, for equal dollars, which have maturities varying from one to five years.

Each account is reviewed and rebalanced as described below. If Forum believes that a particular investment or subadviser is performing inadequately, or if Forum believes that a different investment or subadviser is in the best interest of the client, then Forum will recommend a different investment or sub-adviser as appropriate and will reinvest the clients assets accordingly.

Pension Consulting Services With Managed Portfolios

Forum also offers Pension Consulting Services which consists of several 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 pension, profit sharing and 401(k) plans, Forum may also provide these services, where appropriate, to individuals and trusts, estates and charitable organizations. Forum's

Pension Consulting Services are comprised of four distinct services.

1. **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 as the investment vehicles using model portfolios that are managed by Forum.
2. **Monitoring of Investment Performance:** Client investments will be monitored continuously based on the procedures and timing intervals delineated by the client and the IPS. Although Forum will not be involved in any way in the purchase or sale of these investments, Forum will supervise the client's portfolio or offerings, as appropriate.
3. **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 may 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 the Employee Retirement Income and Securities Act (ERISA) Section 404(c). The educational support and investment workshops will not provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.
4. **Managed Portfolios:** As part of its pension consulting service, Forum also offers the sponsors of tax qualified retirement plans managed model portfolios which 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.

Financial Planning Services

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

Associated persons of Forum may be separately registered as representatives of Purshe Kaplan Sterling Investments (PKS), a FINRA-registered broker dealer and/or are licensed insurance agents or brokers for one or more insurance companies. Associated persons of Forum are also Certified Public Accountants or Enrolled Agents providing tax preparation and accounting services and advice through affiliated and unaffiliated accounting firms. In general, as appropriate, Forum may recommend the use of PKS, the accounting firms and these individuals to clients for implementation of Financial Planning Services recommendations, provided that this recommendation is consistent with Forum's fiduciary duty to the client.

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.

Seminars

From time to time, Forum offers seminars on estate and retirement planning as well as other investment 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, participants are encouraged to meet with a Forum advisor to discuss the current securities and insurance holdings of the participant. Analysis of the participants needs and goals may indicate the desirability of utilizing one or more of Forum's programs described in the previous sections. No advisory fee is charged for participation or sponsorship of a Forum seminar.

Amount of Managed Assets

As of 12/31/2011, Forum actively managed in excess of \$700 million of clients' assets on a discretionary basis.

Fees and Compensation

Portfolio Management Fees

The annual fee for Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

Portfolio Size	Annual Fee**†
\$ 250,000 -499,999	1.40%
500,000 -999,999	1.20%
1,000,000 - 1,999,999	1.00%
2,000,000 - 4,999,999	.90%
5,000,000 - 9,999,999	.85%
10,000,000 and over	Quoted on an individual basis

*For portfolios with 70% or greater bond allocation, the annual fee shall be 0.75%.

† Related Small Account Provision – If a client has an account with Forum and has an immediate family member (parent, spouse or child age 18 or less) that does not have a minimum balance of \$150,000 or more then Forum may use a Global Fund from DFA. Global Funds are fund of funds. The allocations of the Global Funds are 100% Equity, 60% Equity & 40% Bonds and 25% Equity & 75% Bonds. The annual fee charged by Forum for such account(s) will be the same fee charged on the client's (or family members) Forum managed account(s).

Forum may discount the management fee charged to any client.

Pension Consulting Services

Managed Portfolios: Plan sponsors engaging Forum to provide Pension Consulting 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 advisory fee is based on the following schedule:

Total Plan Assets	Annual Fee**†
\$ 250,000 -499,999	1.20%
500,000 -999,999	1.10%
1,000,000 - 1,999,999	.85%
2,000,000 - 4,999,999	.75%
5,000,000 - 9,999,999	.70%
10,000,000 and over	Quoted on an individual basis

The above fees may be reduced based on a number of factors including the level of services required by the plan sponsor and future contributions to the plan.

Collection of Fees

Clients will be invoiced in arrears at the beginning of each calendar quarter 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 at the end of the previous quarter. Our firm directly debits advisory fees from client accounts.

General Information

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. 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.

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, and/or exchange-traded funds (ETF), 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.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to

the Brokerage Practices section of this Firm Brochure for additional information.

ERISA Accounts: Forum is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the ERISA. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Forum may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Forum's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Performance-Based Fees and Side-By-Side Management Fees

Forum does not charge performance-based fees or side-by-side management fees.

Types of Clients

Forum offers a combination of advisory services, where appropriate to individuals, banks or thrift institutions, pension, profit sharing and 401(k) plans, trusts, estates or charitable organizations and corporations or other business entities.

Forum also offers backroom services to third party Registered Investment Advisors (RIA's). These services include but are not limited to, trading, re-balancing, technology implementation and preparation of quarterly reports. Additionally Forum may serve as a sub-advisor and offer its model portfolios, and investment advice to the RIA's for use by their clients. Forum will receive compensation for this advice.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

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

Forum analyzes mutual funds by their historical performance, standard deviation, correlation with other mutual funds and the funds' mandate for exposure to the market as explained in the prospectus, among other factors. Forum primarily recommends mutual funds offered by DFA for use in its managed portfolios. DFA mutual funds follow a passive asset class investment philosophy with low turnover of holdings.

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 will provide the client with an appropriate risk-return profile. Testing may 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.

Sources of Information

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

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 that are available only to institutional investors and clients of a network of selected investment advisers. Please refer to the Firm Brochure (Forum's Investment Philosophy & Approach) for further discussion and analysis.

The following is a more detailed explanation:

1. Modern Portfolio Theory, states that by diversification among investments that have a low or negative correlation the risk of a portfolio may 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.
2. 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.
3. Efficient Markets Hypothesis, states that at all times, markets incorporate all information available and stocks are always fairly priced. As such, stock picking is futile. Forum uses funds that are "Passive" and does not rely on fund managers who pick stocks.
4. The Three Factor Model, based on work performed in the early 1990's American economists, Eugene F. Fama and Kenneth R. French, published research that identifies three factors (The Three Factor Model) that explain 96% of the return of an asset class. The three factors are:
 - 1) Equity market - Stocks tend to have higher expected returns than fixed-income securities.
 - 2) Company size - Small company stocks tend to have, on average, a higher expected return than larger company stocks (measured by market capitalization).
 - 3) Company price - Lower-priced, out-of-favor value stocks have a higher expected return than higher-priced growth stocks (measured by the ratio of a company's book value to its market equity).

Forum has provided supplemental and more detailed information with respect to the above principles as an attachment to this brochure. The charts and graphs have been provided by DFA to more fully explain their approach in constructing their mutual funds.

Forum offers clients several models 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 that have bonds as the primary underlying investment and are designed primarily to provide current income. It is generally designed for investors whose concern is protecting their assets, or who may simply desire a high level of security and 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, 40-30% 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 6-10 or more years until they reach their goal, 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 10 years until they begin withdrawing their retirement savings.

Customized Portfolios

Forum may vary from the model portfolios in certain situations.

Client Selected Portfolios

Clients may retain Forum to manage their portfolio in accordance with a model selected by the client that is different to 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 subadviser. 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 Pension Consulting Services with the addition of the Managed Portfolios Option will provide plan 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.

Changes to Model Portfolios

Forum, through its Investment Committee, continuously reviews the asset classes included in the model portfolios it recommends. From time to time, the Investment Committee may determine that a new asset class should be added to the model portfolios the firm recommends. On such occasions, Forum, may at its discretion, determine that such asset classes should also be introduced into current client accounts. Addition of any asset class will not change the target equity/fixed income proportion of the portfolios.

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.

Other Financial Industry Activities and Affiliations

Other Business Activities

Certain members and other employees of Forum are separately licensed as insurance producers or brokers for one or more insurance companies.

These individuals, in their separate capacities as insurance producers, will be able to purchase 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.

Certain members and other employees of Forum are also Certified Public Accountants (CPAs) or Enrolled Agents providing tax preparation services and accounting services or advice, as appropriate, through Forum Tax & Accounting Services, LLC, Forum CPA Group, LLC, and Harris Weindruch & Co., Ltd. each an affiliate of Forum through common ownership and control. Forum members, John J. Adam and Mary Pat Wesche are members of Forum Tax & Accounting Services, LLC. In addition, John J. Adam and Mary Pat Wesche are members of Forum CPA Group, LLC. Member Arvin T. Weindruch is President of Harris Weindruch & Co., Ltd.

Member, Brian T. Savage, is a CPA in his separate capacity and provides accounting services through Brian T. Savage, PC, a firm wholly-owned by Mr. Savage. Member, Jack A. Folkerts is a CPA in his separate capacity and provides accounting services through Jack Folkerts & Company, P.C., Certified Public Accountants (referred to hereinafter collectively with Forum Tax & Accounting Services, LLC, Forum CPA Group, LLC, and Harris Weindruch & Co., Ltd. as Accounting Firms.) Forum may recommend these individuals and Accounting Firms to clients in need of tax advice or accounting services.

Likewise, the Accounting Firms may recommend Forum to accounting clients in need of advisory services. Accounting services provided by the Accounting Firms are separate and distinct from the advisory services of Forum, and are provided for separate and typical compensation. There are no referral fee arrangements between Forum and Accounting Firms for these recommendations. No Forum client is obligated to use Accounting Firms for any accounting services. The Accounting Firms' services do not include the authority to sign checks or otherwise disburse funds on any Forum advisory client's behalf.

Certain members of Forum have entered into an agreement with either Howard Kite (IAR of Forum), James Lopera (IAR of Forum) or Michelle Weindruch in conjunction with Broker Dealer, Purshe Kaplan Sterling Investments (PKS) to sell their former Registered Representative book of business to one of the corresponding new Registered Representatives listed above. Purshe Kaplan Sterling Investments, Member FINRA/SIPC. Headquartered at 18 Corporate Woods Blvd., Albany, NY 12211.

These members will be receiving a percentage of commissions earned as part of the sale price on the previous book of business for a period of five years, ending October 31, 2016. The payments to the members are directly paid by PKS. Clients are not under any obligation to add to these investments, however, the member will receive a percentage of commission earned on any new or additional investment during the period stated above.

Likewise, members may recommend additional investments to these accounts for which the purchase is solely at the discretion of the clients. These commissions are separate and distinct from Forum's advisory fee. No Financial Planning Services client is obligated to use these individuals to implement any recommended transactions.

While these individuals 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 may affect the judgment of these individuals when making recommendations. These individuals, associated with the Accounting Firms, may spend as much as 50% of their time with all of these related activities. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm.

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

Forum, or individuals associated with Forum, may buy or sell securities for their personal accounts, identical to or different from those recommended to clients for their accounts. In addition, any related person(s) may have an interest or position in a security(ies) which may also be recommended to a client.

As these situations present conflicts of interest, Forum has adopted a Code of Ethics which sets forth high ethical standards of business conduct that Forum requires of its employees, including compliance with applicable federal securities laws.

Forum's Code of Ethics includes policies and procedures for the review of quarterly security transaction reports as well as initial and annual securities holdings reports that must be submitted by Forum's access persons. Among other things, Forum's Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Forum's Code of Ethics provides for oversight, enforcement and recordkeeping provisions. 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, Brian T. Savage at bsavage@forumfin.com or 630.873.8515.

Brokerage Practices

Directed Brokerage

Forum does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Forum Portfolio Management/Pension Consulting Services with Managed Portfolios Option

For Portfolio Management Services Forum requests that clients direct Forum to place trades through Charles Schwab & Company, Inc., a FINRA-member broker dealer, unaffiliated with Forum (Schwab). 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 the Schwab Institutional Program (SI Program) offered to independent investment advisers by Schwab. As part of the SI Program, 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 (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 may not directly benefit our clients' accounts. Many of these products and services may be 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 may make available, arrange and/or pay third-party vendors for the types of services rendered to Forum. Schwab may discount or waive 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 may also provide 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 may 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 may create a potential conflict of interest.

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 if Forum believes that this choice would hinder its fiduciary duty to the client and/or its ability to service the account. In directing the use of Schwab or any 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 Pension Consulting 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 Pension Consulting 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 Pension Consulting Services must select the directed broker in the best interest of plan participants. With respect to Pension Consulting Services, the Plan is not required to use Schwab. Forum does not choose broker dealers on behalf of a plan sponsor.

Financial Planning Services

Associated persons of Forum are also insurance producers for one or more insurance companies. In general, Forum may recommend the use of these individuals to clients for implementation of Financial Planning Services recommendations, provided that this recommendation is consistent with Forum's fiduciary duty to the client.

Any commissions or other compensation received from the implementation of Financial Planning Services recommendations is separate and distinct from Forum's advisory fee. No Financial Planning Services client is obligated to use these individuals to implement any recommended transactions.

Clients should be aware that best execution and lower commissions may not necessarily be achieved if recommended transactions are placed through these individuals, in their separate capacities as registered representatives or insurance agents/brokers.

Review of Accounts

Portfolio Management Services

Account Reviews and Reports

Reviews: The asset allocations of each model portfolio are continuously 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 more than 10% out of balance (or a different percentage as may be designated by the Investment Committee and subject to trading costs and other factors) from clients selected asset allocation. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

The members of the Investment Committee are:

Norbert M. Mindel, JD, CPA, PFS, CFP®

Brian T. Savage, CPA, PFS, CFP®

Marcus K. Heinrich, CFP®

Jonathan M. Rogers, CFP®

David L. Strulowitz, JD, LLM

Reports: In addition to the monthly statements and confirmations of transactions that clients receive from Schwab (or another broker-dealer/custodian), Forum will provide quarterly reports summarizing account performance, balances and holdings. These reports may be generated by Forum or may be outsourced to a third party, supervised by Forum. Additionally, Forum may periodically deliver a newsletter providing market commentary and other pertinent information to clients.

Pension Consulting Services with Managed Portfolios

Reviews: Forum will review client Investment Policy Statements whenever the client indicates a change in circumstances regarding the needs of the plan. Forum will also review the investment options of the plan

according to the agreed upon time intervals established in the IPS. Such reviews will generally occur at least semiannually. Reviews will be conducted by the account representative for each client.

Forum will continuously monitor the asset allocations of the model portfolios it recommends to plan sponsors for investment by their plan 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 record keeper. As a result, Forum does not provide any regular performance reports to defined contribution plan sponsors. Additionally, the Plan Sponsor's selected record keeper may provide the ability to rebalance plan participants accounts automatically every quarter.

Client Referrals and Other Compensation

Client Referrals

Our firm may pay 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.

Custody

We previously disclosed in the "Fees and Compensation" section of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review Forum's invoice and their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. Our firm does not have actual or constructive custody of client accounts.

Investment Discretion

Clients hire us to provide discretionary asset management services, as such we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change or amend such limitations by once again providing us with written instructions.

Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may 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.

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.

Financial Information

Forum has no additional financial information to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Forum has not been the subject of a bankruptcy petition at any time during the past ten years.

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