

**Forefront Capital Management LLC**

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**FORM ADV PART 2  
BROCHURE**

**This brochure provides Information about the qualifications and business practices of Forefront Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at (212) 697-8150. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Forefront Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Forefront Capital Management LLC is 150012.**

**Forefront Capital Management LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

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### **Advisory Business**

#### **Form ADV Part 2A, Item 4**

Founded in June, 2009, Forefront Capital Management LLC ("Forefront"), a SEC registered Investment Adviser, is wholly-owned by Forefront Management Group, LLC. The principal owner of Forefront Management Group is Mr. Bradley Reifler. All other owners have less than 25% ownership interest in the Company.

Forefront offers investment advisory services to individuals and institutions on both a discretionary and non-discretionary basis. Forefront's portfolio managers invest principally in U.S. and global equities and Exchange Traded Funds. We employ opportunistic trading strategies and also fundamental research based strategies. We meet with and speak to clients regularly and portfolios are tailored to the needs of each client. We generally attempt to accommodate investment restrictions imposed by clients. Finally, Forefront provides financial advisory services to clients on a non-discretionary basis.

We generally attempt to accommodate investment restrictions imposed by clients. We offer several different strategies but will also work with clients to develop the strategy and risk profile that works best for them.

In addition, Forefront sponsors a fund called Forefront First Loss Fund I, LLC (the "Fund") which is organized to serve as a private investment fund for investing and trading equity securities and listed derivatives through one or more portfolios. It is designed capture the alpha potential offered by top performing established fund managers and proprietary traders that have been selected by Forefront, while earning a solid return for the principal investor in a second loss position. Any trading losses are first allocated to the portfolio manager(s) up to the portfolio managers capital account balance. The Fund shall be comprised of one or more accounts each managed by a separate portfolio manager, who is also an investor in the Fund.

As of March 29, 2012, Forefront's assets under management included approximately \$121,089,270 in discretionary accounts and \$1,605,803 in non-discretionary accounts. This equals total assets under management of approximately \$122.7 million.

### **Fees and Compensation**

#### **Form ADV Part 2A, Item 5**

Forefront is compensated for its advisory services in several different ways. Fees are negotiable based on size and nature of the mandate. Fees for discretionary mandates are generally from 1 -2% of assets. In some instances, incentive fees are also charged. These fees are typically 20% of net annual performance. When incentive fees are charged, the account is typically subject to a "High-Water Mark". A High-Water Mark means that if an account loses money in one year, it must recoup those losses in subsequent years **before** additional incentive fees are charged. In certain cases, clients are charged flat fees for management services. Flat Fees are negotiated on a case by case basis and are highly dependent on the nature of the mandate. Certain expenses are also reimbursed by client's but only when specifically provided for in the Investment Management Contract.

Forefront generally invoices clients for advisory fees on a quarterly basis as of the beginning of the quarter in advance. Fees are based on assets in the account at the beginning of the quarter. When a client relationship terminates, fees collected in advance are promptly refunded on a pro-rata basis. The amount is calculated on a calendar day basis, prorated to the termination date. Forefront does not have custody over client accounts and does not deduct its fees directly from client accounts.

In addition to advisory fees, Clients may have to pay custodial fees. Such Custodial fees are paid directly to the client's custodian. If client accounts are invested in mutual funds or ETFs, clients will also incur management and other costs associated with those vehicles. Clients will also incur brokerage costs including commissions and other fees. For a more detailed discussion of brokerage practices, please see page 9.

With respect to the Fund, the portfolio manager will get the "Net portfolio profit." The remaining balance will get split as follows: 50% goes to the portfolio manager and the remaining balance of 50% gets split 50/50 between the Forefront and portfolio manager.

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

**Form ADV Part 2A, Item 6**

Currently there are no Portfolio Managers that are utilizing performance based incentive fees. However, in the future there might be certain Portfolio Managers advising accounts that have performance based incentive fees side by side with accounts that are charged only asset based management fees. The performance fees charged to these accounts create a potential conflict of interest because we have an incentive to favor performance based fee accounts where we will receive a higher fee. If there is a limited supply of a security which we deem appropriate for both performance fee and non-performance fee accounts, we may be incented to allocate to the performance fee account first. This conflict is offset by clearly defined investment objectives, firm policies for the allocation of orders and transparency and clear disclosure of the conflict. Additionally, performance fees are only charged to relatively more sophisticated clients with more aggressive investment mandates. Such mandates may include leverage, shorting, illiquid securities or other strategies designed for a higher risk/reward seeking client. There may be instances in which a security may be appropriate for a performance fee account but not for a non-performance fee account. Our accounts generally invest in highly liquid markets in which fully allocating to all accounts is not an issue when establishing or exiting positions. If full positions cannot be established or liquidated the same day then trades are allocated ***pro rata*** between performance fee and nonperformance fee accounts.

**Types of Clients**

**Form ADV Part 2A, Item 7**

Forefront provides advisory services to individuals and their related IRA accounts, as well as institutional investors.

Forefront also acts as the investment manager to the Fund, which is a private investment fund.

**Methods of Analysis, Investment Strategies and Risk of Loss**

**Form ADV Part 2A, Item 8**

Forefront's utilizes both short term and long term investment strategies. Its methods of analysis include charting, technical analysis, qualitative analysis, fundamental analysis and data mining of both qualitative and quantitative factors. Please note that no investment style or methodology can guarantee any specific rate of return.

Forefront also employs a series of tactical asset allocation strategies that invests solely in Exchange Traded Funds or ETF's. ETF's are pooled investment vehicles that involve management and other fees at the ETF level. These strategies, called the Global ETF Strategies (GES) use primarily ETF's to create diversified portfolios among asset classes and global markets.

The Fund trades equity securities and listed derivatives through one or more portfolios. It is designed capture the alpha potential offered by top performing established fund managers and proprietary traders that have been selected by Forefront, while earning a solid return for the principal investor in a second loss position. Any trading losses are first allocated to the portfolio manager(s) up to the portfolio managers' capital account balance.

Investment in securities entails an inherent risk of loss that clients should be prepared for and understand. Loss of principal can occur as a result of broad economic factors, narrow company specific factors or faulty analysis on our part. There can be no assurance that the Fund's investment objective will be achieved or that the investment strategies that Forefront employs will be successful. Past performance of any Forefront product or strategy is no indication of future results.

Certain strategies employed by Forefront involve frequent trading of securities and short term holding periods. Frequent trading strategies can affect investment performance, particularly through increased brokerage and other transactions costs. For more information on Brokerage practices, please see page 9. The use of ETF's can affect investment performance, particularly through increased fees and expenses related to the ETF's.

**Disciplinary Information**

**Form ADV Part 2A, Item 9**

None



### **Other Financial Industry Activities and Affiliations**

#### **Form ADV Part 2A, Item 10**

Forefront Capital Management LLC has an affiliated company, Forefront Capital Markets LLC, which is registered as a Broker/Dealer and regulated by the Financial Industry Regulatory Authority (FINRA). Certain members of Forefront's senior management team, including Forefront's CEO, Chief Operating Officer and Chief Compliance Officer, are also registered representatives of Forefront Capital Markets LLC.

Advisory services and transaction services are two separate functions and are charged separately. Client accounts may use Forefront Capital Markets LLC to execute transactions in which case the client would pay commissions and fees to Forefront Capital Markets LLC for each transaction. In addition, Client accounts may execute transactions with third party brokers that were introduced to the client by Forefront Capital Markets LLC. In these instances, Forefront Capital Markets LLC will have a commission sharing agreement in place with the executing broker and share in a portion of the commissions for each transaction. We do not reduce our advisory fees when our affiliate earns commissions for introduction or brokerage services.

Execution of transactions in which an affiliate of Forefront receives transaction based compensation creates a conflict of interest between our fiduciary duty to advisory clients and our affiliate's economic incentive to earn transaction based compensation. In particular, we have an incentive to engage in transactions that increase our affiliate's revenue, rather than for a valid investment purpose.

We mitigate this conflict in several ways. First, we mitigate the conflict through full and frank disclosure of all brokerage practices that apply to the client in an Investment Management Agreement and in this Brochure. All fees and commissions are also disclosed on a trade by trade basis. We also mitigate this risk through our duty to provide best execution for all securities transactions. Best execution does not necessarily mean the lowest possible price or commission for any given transaction. Executing transactions with discount brokerages may provide lower commission rates. See also the section on Brokerage on page 9.

Forefront provides advisory services to many small and medium sized accounts. Such accounts are often charged higher prices (for example if an account purchases an odd-lot of securities it may pay a higher price than if it purchases a round lot) and may pay higher commissions than larger or institutional sized trades. Forefront believes that by using its affiliated broker/dealer, or brokers introduced to us by our affiliated broker dealer, we gain benefits in execution and access to research that benefits our clients. Moreover, we attempt to pay commissions in the range of \$0.03-\$0.05 per share, although we cannot guarantee that any specific execution will be in this range. We believe that these rates are reasonable commission rates within the context of prevailing market commission rates in general.

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

**Form ADV Part 2A, Item 11**

Forefront has adopted rules and procedures designed to comply with SEC Rule 204A-1 "Investment Adviser Code of Ethics". Forefront's rules and procedures are designed to ensure compliance by all employees with all applicable securities laws and regulations when it engages in the business of providing investment management services to its clients. Forefront's policies also require all personnel to pursue our business in a manner consistent with high standards of business conduct, ethics, and integrity and to promote mutual respect for each other. To that end, Forefront requires each employee be aware of any action or behavior that may result in a conflict of interest with the firm or its clients and to seek to mitigate or resolve such conflicts in favor of the client. Forefront also prohibits employees from engaging in outside business activities without the prior approval of the Firm's Chief Compliance Officer, prohibits trading on "insider information" or passing along such information in the event the employee should come into possession of insider information, prohibits the giving or receipt of expensive gifts or extravagant entertainment as well as other rules of conduct.

A copy of our Code of Ethics is available upon request.

Forefront employees may invest in similar or the same securities for their personal accounts as we recommend to clients. They may recommend to clients or may buy and sell securities for client accounts at or about the same time that they buy or sell securities for their own account. It is also possible that one employee may trade securities for client accounts while another employee trades the same securities for their personal accounts. This creates a conflict of interest because the employees of the firm have an incentive to execute their orders at better prices than that given to their clients. Forefront is under a duty to place the client's interest ahead of its own and those of its employees.

Forefront seeks to mitigate this conflict in a number of ways. Forefront requires that an employee making an order for a client and their personal account at the same time must fill the client order first. If there are not sufficient securities available to fill both employee and client orders, the client will get all available securities until their full order has been completed. Operations personnel, who see all orders, will review order flow to ensure that clients are not being systematically disadvantaged or receiving worse execution than employee or Firm accounts. This procedure is spot checked throughout the day by Forefront supervisory personnel and all accounts are reviewed periodically to ensure that employee accounts are not systematically receiving better pricing than client accounts. Forefront management also reviews all employees trading and compares the performance of employee accounts with the performance of client accounts in an effort to detect any patterns of favoring employee accounts over client accounts. Finally, supervisory personnel reviews accounts for other preferential patterns.

## **Brokerage Practices**

### **Form ADV Part 2A, Item 12**

Forefront makes all decisions to buy and sell securities for its clients. Forefront also makes all decisions as to which Brokers to use in effecting client transactions. The primary consideration in selecting brokers is to provide and maintain the availability of the best execution at the best price and commission rate under the circumstances of a particular transaction. The determinative factor is not necessarily the lowest price or commission cost, but whether the transaction represents the best qualitative execution for the client. In this connection, Forefront may consider the full range and quality of a broker's services in placing brokerage including, among other things, the security's trading characteristics and the relative difficulty of execution, the broker's access to markets or expertise, price, confidentiality, speed and certainty of execution, the value of research provided, commission rate, financial responsibility, and responsiveness to Forefront.

Forefront currently uses its corresponding clearing firms to execute all securities transactions. In the future, Forefront may use its affiliated Broker/Dealer, Forefront Capital Markets LLC, to execute some or all securities transactions which are executed on a national securities exchange and over-the-counter transactions conducted on an agency basis. Forefront Capital Markets LLC may also introduce Forefront to third party brokers for execution of certain transactions. Such transactions will be executed at market prices and competitive commission rates, and Forefront Capital Markets LLC will receive brokerage commissions in connection with all such brokerage transactions. Client transactions are expected to generate a substantial amount of brokerage commissions and other transaction based compensation for Forefront Capital Markets LLC, all of which will be paid by the clients. Forefront is not required to reduce its management fee by the amount of any fees earned by the Forefront Capital Markets LLC from brokerage commissions generated from client transactions. This presents a conflict of interest because Forefront has an incentive to trade frequently to create commission income for our affiliate even if such trades are not in the best interest of clients. We mitigate this conflict in several ways. Forefront advisory representatives have a fiduciary duty to act in the best interest of our clients. Excessive trading would be a violation of that duty and therefore a violation of our Code of Ethics. Client accounts are scrutinized by Forefront supervisory personnel to detect excessive trading patterns. If detected, the Chief Compliance Officer and Senior Management would be notified and appropriate action taken. This could include enhanced supervision, dismissal or other disciplinary action. We also mitigate this conflict with full and frank disclosure. The affiliated broker dealer will also review all Forefront accounts for suitable trading patterns.

Forefront is permitted to engage in "Soft Dollar" transactions in return for research and execution services under certain circumstances. Currently, Forefront is not engage in any soft dollar arrangements. The federal Soft Dollar safe harbor rule, contained in section 28 (e) of the Securities Exchange Act of 1934, allows us to pay higher prices or commissions than are otherwise available in return for certain services that we reasonably believe provide "lawful and appropriate assistance" to us in the performance of investment advisory services to our clients. We may execute Soft Dollar transactions regardless of whether the research products or services benefit the account bearing the commission charge or benefit all other accounts disproportionately. Such allocation is in such amounts and proportions as Forefront may determine in its sole discretion. Forefront is authorized to pay any broker who provides such brokerage, research, or other service a commission for executing a transaction that is in excess of the amount of commission that another broker would have charged for effecting that transaction if Forefront determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage, research and other services provided by such broker. Under Section 28(e), Forefront may obtain research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, statistical reports and other products and services (e.g., quotation equipment and computer costs and expenses) in return for Soft Dollar Transactions.

Certain brokers and dealers selected by Forefront may agree to provide us with soft dollar credits which we may use to purchase certain brokerage, research and other services. These services or products would otherwise only be available for a cash payment. To the extent that we utilize commissions to obtain items that would otherwise be an expense of Forefront, such use of commissions could be viewed as additional compensation. This may create a conflict of interest between our fiduciary duty to our clients and the desire to receive or direct these "soft-dollar" benefits. As a result of receiving such services or products, Forefront has an incentive to use, and to continue to use, such brokers and dealers to effect transactions for the accounts over which we exercise trading discretion so long as such brokers and dealers continue to provide such soft dollar credits.

Forefront may combine orders for different clients for execution together as a batch or block trade. This is done to obtain favorable execution, including access to lower commissions and better pricing on the orders than if executed separately. If a batch order is not filled in full, Forefront will allocate the partially-filled order among the participating clients in a fair and equitable manner under the circumstances and in a manner designed not to systematically favor or disfavor any particular client. Clients that do not participate in a batch or block trade or that execute trades at a different time during the day for the same securities may not receive the same price or be charged the same brokerage commissions as those combined in the large batch or block trade, and their execution price and brokerage fees often may not be as favorable as those obtained in the block or batch trade.

### **Review of Accounts**

#### **Form ADV Part 2A, Item**

Client accounts are reviewed quarterly by supervisory personnel to determine if accounts are being managed consistently with client guidelines and with Forefront's fiduciary duty to clients. Supervisory personnel and operations personnel also oversee pricing and allocation practices of employees on a daily basis. Any irregularities are reported to senior management. Such factors may include transactions executed at prices that are off the market, commissions that are unusually high, allocations that are spread unevenly amongst client accounts and other factors in the discretion of supervisory personnel.

Subject to the "Custody" section below, Forefront does not hold custody of client assets. Client's assets are held at a custodian of the client's choosing. Such custodians are not affiliated with Forefront. Custodians send clients written account statements on a monthly or quarterly basis.

**Client Referrals and Other Compensation**

**Form ADV Part 2A, Item 14**

Forefront may compensate third parties for referrals of clients. Forefront may pay placement fees, certain expenses, and servicing fees to third parties, acting as placement agents that place investors for unregistered funds for which Forefront or an affiliate of Forefront may serve as general partner or managing member, as described in the offering documents of the relevant unregistered funds. These fees may be based on a percentage of the assets initially invested, or remaining invested over time, from the investor, or based upon fees received by Adviser, in respect of investors placed by that placement agent. Forefront may also pay fees to third parties for the introduction of separately managed accounts to Forefront. In this case, payment of fees to third parties will be clearly disclosed in the Investment Management Agreement with the client.

### **Custody**

#### **Form ADV Part 2A, Item 15**

Forefront maintains custody of certain client assets held in its Forefront First Loss Fund I, LLC investment vehicle (the "Fund"). Cash and securities of this Fund are held at a qualified custodian that will send clients statements at least quarterly. Clients in this Fund should review this statement carefully. This Fund will be audited annually by an independent auditor.

**Investment Discretion**

**Form ADV Part 2A, Item 16**

Forefront exercises investment discretion over certain client accounts that it manages. This discretion is granted and exercised under an investment management agreement executed by Forefront and the client.



**Voting Client Securities**

**Form ADV Part 2A, Item 17**

Forefront does not vote client securities.

**Financial Information**

**Form ADV Part 2A, Item 18**

This section is inapplicable to Forefront.

