

# Disclosure Brochure

November 12, 2013



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This brochure provides information about the qualifications and business practices of Forefront Analytics, LLC (hereinafter "Forefront" or the "firm"). If you have any questions about the contents of this brochure, please contact Nicholas Neilio at (610) 341-3900. 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 is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Forefront Analytics, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Forefront is required to discuss any material changes that have been made to the brochure since its last annual update filed April 1, 2013. Forefront has the following material changes to disclose.

### **Forefront Select Fund, L.P.**

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Forefront provides investment management services to the newly formed Forefront Select Fund, L.P. The fund will seek to grow capital by allocating its assets among hedge fund and other private fund shares (including shares of affiliated funds) that represent additional risks in an attempt to produce positive returns and less than perfect correlation to equity markets. The fund may also trade in additional assets (e.g., exchange-traded funds, mutual funds and securities).

### **Performance Fees**

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The general partner of the newly formed fund plans to assess a fee based upon the performance of the Forefront Select Fund, L.P. ("Performance Fee"). The Performance Fee may vary at the sole discretion of the General Partner.

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## Item 4. Advisory Business

Forefront has been in business as an SEC registered investment adviser since June 3, 2010. The firm was founded by its current principal owner, Dr. Christopher C. Geczy, Ph.D., in order to provide consulting, investment advisory and investment management services to ultra-high net worth individuals and families, investment limited partnerships, trusts, corporations and other business entities including areas of portfolio construction, asset allocation, risk management, manager evaluation and factor analysis, as well as expert witness consulting services and testimony.

Prior to engaging Forefront to provide the foregoing investment advisory services, the client is required to enter into one or more agreements with Forefront setting forth the terms and conditions under which Forefront renders its services (collectively the “*Agreement*”).

As of September 30, 2013, Forefront had \$273,894,000 in discretionary assets under management. In addition, the firm currently provides investment advisory services to institutional clients with aggregated portfolio assets of approximately \$7.5 billion (collectively, “assets under advisement”), as discussed further below.

This Disclosure Brochure describes the business of Forefront. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are Forefront’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Forefront’s behalf and is subject to Forefront’s supervision or control.

For purposes of this Disclosure Brochure, the term “client” generally pertains to those individuals or entities that directly engage the services of Forefront. In some contexts, “client” may refer to the Forefront Dynamic Strategies Fund, L.P. or the Forefront Select Fund, L.P. (collectively, the “*Private Funds*”), collective investment vehicles managed by Forefront. However, in certain Items which discuss the operations of the *Private Funds*, “client,” may also refer to investors (i.e., limited partners) of the *Private Funds*.

### Consulting Services

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Forefront offers a range of services addressing a variety of research, analysis and investigative matters. These services are provided pursuant to specialized engagements individually negotiated with Forefront’s clients based upon their specific needs and objectives. In addition to general research and analytical functions, clients can engage the firm to render expert witness testimony pertaining to asset pricing, securities lending, collateral valuation, risk management, market assessments and areas including other economic and finance related matters.

In performing its services, Forefront is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Forefront may recommend the services of itself, and/or other professionals to

implement its recommendations. Clients are advised that a conflict of interest exists if Forefront recommends its own services or the services of any of its *Advisory Affiliates* (as defined in Item 10). The client is under no obligation to act upon any of the recommendations made by Forefront under a consulting engagement or to engage the services of any such recommended professional, including Forefront itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Forefront's recommendations. Clients are advised that it remains their responsibility to promptly notify Forefront if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Forefront's previous recommendations and/or services.

### Investment Advisory Services

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Forefront generally provides clients with research reports and/or specific recommendations pertaining to manager selection, asset allocation, risk management, portfolio construction, factor analysis and/or other such topics. Forefront renders these services either pursuant to an ongoing engagement or, alternatively, as a one-time standalone advisory offering.

Similar to Forefront's consulting arrangements, investment advisory and management engagements are generally individually negotiated and specially tailored to accommodate the needs and objectives of the firm's clients. For institutional pension plans, the firm may act as a named fiduciary and discretionary investment manager under the Employee Retirement Income Security Act of 1974 ("ERISA").

Some of the alternative investment vehicles which Forefront recommends take the form of privately placed securities. Accordingly, Forefront limits such recommendations to clients who are deemed to be "accredited investors," as defined under Rule 501 of the Securities Act of 1933 (the "Securities Act") and "qualified purchasers" as defined under the Investment Company Act of 1940, as amended. For these clients, Forefront's advisory services may include:

- The identification of suitable private placement securities;
- Research of the issuer of the private placement securities; and
- Structuring of investments in the private placement securities, which may include forming a special purpose entity to pool investments in the private placement securities.

Forefront does not act as its clients' "purchaser representative," as defined under Rule 501 of the Securities Act, in connection with an investment in private placement securities. Rather, Forefront directs the client to consult with their individual tax advisors and attorney with respect to such a purchase. Additionally, the firm may provide consulting and advisory services to the issuer of the private placement securities for compensation, which is disclosed to clients prior to any investment therewith.

As of December 31, 2012, the firm had approximately \$7.5 billion in institutional assets under advisement, roughly \$7.4 billion of which were pension fund assets and \$100 million of which were assets of other

registered investment advisers. Forefront provides these institutional clients with ongoing investment advice pertaining to their respective hedge fund investment programs, absolute return strategies, and asset allocation decisions. The firm also renders consulting services addressing investment guideline development, manager performance analysis and other quantitative-based analytics.

Forefront also provides model portfolios to RMA Advisors (each an “RMA Advisor”) who in turn utilize such information in their own investment programs. Forefront does not act as investment adviser to clients of an RMA Advisor, but provides an RMA Advisor with certain model portfolios from time to time that an RMA Advisor may consider when managing client accounts. The recommendations implicit in the model portfolios provided to an RMA Advisor may reflect recommendations being made by Forefront contemporaneously to, or investment advisory decisions made contemporaneously for, similarly situated discretionary clients of Forefront. As a result, Forefront may have already commenced trading before an RMA Advisor has received or has had the opportunity to evaluate or act on Forefront’s model portfolio information. In this circumstance, trades ultimately placed by an RMA Advisor for its clients may be subject to price movements, particularly with large orders or where securities are thinly traded, that may result in RMA Advisor clients receiving prices that are less favorable than prices obtained by Forefront for its client accounts.

Conversely, an RMA Advisor may initiate trading based on Forefront’s model portfolio information before or at the same time Forefront is also trading for its own client accounts. Particularly with large orders or where securities are thinly traded, this could result in Forefront’s clients receiving prices that are less favorable than prices that might otherwise have been obtained absent RMA Advisor’s trading activity.

Forefront takes reasonable steps to minimize the market impact of the model portfolios provided to an RMA Advisor on accounts for which Forefront exercises investment discretion. However, because Forefront does not control an RMA Advisor’s execution of transactions for its client accounts, Forefront cannot control the market impact of such transactions to the same extent that it would for its own discretionary client accounts or the timing of such trades.

### **Management of Collective Investment Vehicle**

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Forefront also provides investment management services through affiliated pooled investment vehicles. Participation as an investor in the *Private Funds* is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Investment Advisers Act of 1940, as well as are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended and, in the case of the Forefront Select Fund, L.P., “qualified purchasers” as defined under the Investment Company Act of 1940, as amended.

To the extent certain of Forefront’s individual advisory clients qualify, they will be eligible to participate as limited partners of the *Private Funds*. Investment in the *Private Funds* involves a significant degree of risk. Relevant information, terms and conditions relative to the *Private Funds*, including the compensation

received by Forefront or any affiliate as the general partner and/or investment manager, suitability, risk factors, and additional potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum (the “*Memorandum*”), Limited Partnership Agreement (the “*Agreement*”), and Subscription Agreement (together, the “*Offering Documents*”), which each investor is required to receive and/or execute prior to being accepted as an investor in the *Private Funds*.

Forefront devotes its best efforts with respect to both managing *Private Funds* and advising its individual clients. Given the below discussion relative to the objectives, suitability, risk factors, and qualifications for participation in the *Private Funds*, Forefront may give advice or take action with respect to the *Private Funds* that differs from the advice it provides under different engagements.

*Forefront Dynamic Strategies Fund, L.P.*

Forefront’s affiliate, FFDS (GP), LLC, is the general partner and Forefront is the Investment Manager (“Manager”) of the Forefront Dynamic Strategies Fund, L.P., a Delaware limited partnership formed on March 27, 2008 to engage primarily in the business of investing and trading in securities. Interests in the *Private Fund* are privately offered pursuant to Regulation D under the Securities Act, as amended. The *Private Fund* currently relies on an exemption from registration under the Investment Company Act of 1940 (the “Investment Company Act”). Forefront has discretionary authority to determine the brokers or dealers to be used by the *Private Fund*.

The *Private Fund* seeks to provide attractive risk-adjusted returns by investing primarily in traditional and alternative asset classes or strategies. The *Private Fund* seeks exposure to alternative asset classes by investing in a number of instruments, which might include structured notes, managed accounts, stocks, bonds, exchange-traded notes (“ETNs”), exchange-traded funds (“ETFs”), mutual funds, and closed-end funds. The *Private Fund* may also seek to obtain, reduce or enhance exposure to one or more traditional or alternative asset classes through investments in derivatives, such as futures, options, and swaps. The *Private Fund* may also use leverage or sell securities or contracts short. Forefront utilizes an approach that blends both quantitative and qualitative signals using proprietary optimization methods. There can be no assurance that the *Private Fund* will achieve its objective.

*Forefront Select Fund, L.P.*

Forefront’s affiliate, FFSF (GP), LLC, is the general partner and Forefront is the Investment Manager (“Manager”) of the Forefront Select Fund, L.P., a Delaware limited partnership established on September 5, 2013 to engage primarily in the business of investing and trading in securities. Interests in the *Private Fund* are privately offered pursuant to Regulation D under the Securities Act, as amended. The *Private Fund* currently relies on an exemption from registration under the Investment Company Act of 1940 (the “Investment Company Act”). Forefront has discretionary authority to determine the brokers or dealers to be used by the *Private Fund*.

The *Private Fund* seeks to grow capital by allocating its assets among hedge fund and other private fund shares (including shares of affiliated funds) that represent additional risks in an attempt to produce positive and less than perfect correlation to equity markets. The fund may also allocate assets among ETFs, mutual funds, securities and other instruments. In managing the *Private Fund's* assets, the Manager seeks to measure risk and then balance identified risks through diversifying the *Private Fund's* investments in shares of privately offered funds (including shares of affiliated funds). The Manager uses both a top-down and bottom-up approach that combines qualitative and quantitative analysis to determine strategy and inputs. There can be no assurance that the *Private Fund* will achieve its objective.



## Item 5. Fees and Compensation

Forefront offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management or advisement or the performance of the client's portfolio.

### Investment Advisory Fees

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Forefront provides investment advisory services for an annual fee of up to 150 basis points (1.50%) of the assets under advisement. These fees are largely determined by the composition and size of a client's portfolio, and the scope of services rendered. The frequency and manner in which these asset based fees are charged (e.g., monthly / quarterly, in advance / arrears) varies and is individually negotiated by Forefront and its clients.

Prior to engaging Forefront to provide investment advisory services, the client is required to enter into an *Agreement* with Forefront setting forth the terms and conditions of the engagement, including the scope of the services to be rendered and the portion of the fee due prior to the firm commencing services. Any portion of the fee paid upfront is used to offset the expenses incurred by Forefront at the onset of the advisory relationship.

### Consulting Fees

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Forefront provides investment consulting services for a fixed and/or hourly fee. These fees are negotiable, but generally range from \$75,000 to \$250,000 on a fixed fee basis and/or \$185 to \$1,250 on an hourly basis, depending upon the level and scope of the services and the professional engaged to render them.

### Fund Management Fees

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Forefront, as the portfolio manager of the Forefront Dynamic Strategies Fund, L.P., receives an annual fee of up to 165 basis points (i.e., 1.65%) of the client's capital account. Forefront, as the portfolio manager of the Forefront Select Fund, L.P., receives an annual fee of up to 100 basis points (i.e., 1.00%) of the client's capital account (the "Base Fee"). A Performance Fee equal to 10% of the net performance of the client's portfolio will be paid to the affiliated general partner. Forefront's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Forefront does not, however, receive any portion of these commissions, fees and costs. This fee arrangement is described in further detail in the *Private Funds' Offering Documents*.

### Performance Fee

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As discussed above in Item 4, all relevant information, terms and conditions related to the compensation received by Forefront or an affiliate are set forth in the *Offering Documents* and Partner Agreement. With performance based fee arrangements, there is the potential for conflicts of interest in that the

performance compensation may be an incentive for the manager to make investments that are riskier or more speculative than would be the case absent a performance compensation agreement.

### **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), Forefront generally utilizes the brokerage and clearing services of J.P. Morgan Chase & Co. ("*JP Morgan*"), Interactive Brokers LLC ("*IB*") and Wells Fargo Securities ("*Wells Fargo*") for management of the *Private Funds*. Financial institutions include, but are not limited to, *JP Morgan*, *IB*, and *Wells Fargo*, as well as any other broker-dealers, trust companies and banks utilized by Forefront (collectively "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may also incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Forefront's fee.

Forefront's *Agreement* and the separate agreement with any *Financial Institutions* authorize Forefront to debit the client's account for the amount of Forefront's fee and to directly remit that management fee to Forefront. The *Financial Institutions* and/or *Private Funds* administrator have agreed to provide clients with summary account statements and annually audited financial statements, indicating all amounts disbursed from the account including the amount of management fees paid directly to Forefront.

**Item 6. Performance-Based Fees and Side-by-Side Management**

As discussed in response to Item 5, above, compensation received by Forefront or an affiliate and rendered to qualified clients may include performance-based fees. This fee arrangement raises potential conflicts of interest. The performance fee may be an incentive for Forefront to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, should Forefront charge performance-based fees to some clients and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee.

Forefront has procedures in place to ensure that any recommendations made are in the best interest of clients regardless of the client paying a performance-based fee or different type of fee.

## Item 7. Types of Clients

Forefront provides its services to individuals, investment companies, other registered investment advisers, investment limited partnerships, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### **Minimum Investment in the Private Funds**

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Forefront generally imposes a minimum capital commitment for investments in the *Private Funds*, which is discussed in greater detail in the relevant *Offering Documents*.

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

### Methods of Analysis and Investment Strategies

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Forefront seeks to recommend portfolios and/or strategies that provide significant risk-adjusted returns. These recommendations are determined in large part by the specific allocations, exposures, liquidity and other constraints, and asset weightings of the firm's individual clients.

The firm generally examines investments using a process that combines analytical techniques from both industry and academia with qualitative and quantitative assessments. Among the techniques which Forefront may employ are sector analysis, principal component analysis and risk factor analysis. Through these and other methodologies, the firm may seek to identify and quantify diversified risk exposures present in investments, managers and portfolios of managers according to a client's strategy or mandate.

In managing the *Private Funds*, Forefront seeks to achieve risk-adjusted returns by investing in various traditional and alternative asset classes. A description of the methods of analysis and investment strategy employed by Forefront to manage the assets of the *Private Funds* is contained in the *Offering Documents*.

Many of the analytical indicators on which the firm relies are derived from historical market data. A major risk in employing analytical measures based on historical metrics is that past results, market cycles and trends may not necessarily reoccur or be at all indicative of future price movements in any way.

### Risks of Loss

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#### *Market Risks*

The profitability of a significant portion of Forefront's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds, derivatives and other types of investments. There can be no assurance that Forefront will be able to predict those price movements accurately.

Many of the metrics on which Forefront relies are based on historical data points. A primary risk in using quantitative methods of analysis based on past market data is that spotting historical trends or patterns may not necessarily help to predict trends or patterns in the future. Even if a trend or pattern will eventually reoccur, there is no guarantee that Forefront will be able to accurately predict or take advantage of such a reoccurrence.

#### *Use of Private Collective Investment Vehicles*

Forefront may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles often have broad discretion in selecting the investments. There may be few limitations on the types of

securities or other financial instruments which may be traded and no necessary requirement to diversify. The vehicles or managers may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle and investors. In addition, because the vehicles may not be registered as investment companies, there may be an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### *General Risk of Loss*

Investing in securities, contracts and their derivatives, as well as the accounts, funds or vehicles that hold them, involves the risk of total or significant loss. Clients should be prepared to bear all such potential losses.

## Item 9. Disciplinary Information

Forefront is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Forefront does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

### Affiliated Investment Advisers

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Forefront is under common control with its affiliated SEC registered investment advisers, GKFO, LLC (“GKFO”) and Advanced Quantitative Consulting, LLC (“AQC”) (collectively, the “*Advisory Affiliates*”). Forefront’s Principal and certain *Supervised Persons* also serve in the same or similar capacities for GKFO and/or AQC. Forefront and its *Advisory Affiliates* all share the same principal place of business. Under certain circumstances, Forefront may recommend, on a fully disclosed basis, the services of one of its *Advisory Affiliates*.

A conflict of interest exists to the extent that Forefront or its *Supervised Persons* recommend the services of its *Advisory Affiliates* and Forefront’s Principal or *Supervised Persons* receive a portion of the investment advisory fees or other additional compensation by virtue of their positions therewith. Forefront’s investment process is structured around the specific objectives, risk profile and time horizon of their individual clients and, as such, the firm seeks to ensure that any recommendation is made in its clients’ best interest.

### Other Outside Activities

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Forefront’s Principal, Dr. Geczy, as well as other officers and employees of Forefront or its affiliates, in certain cases, may engage in outside consulting and other activities relating to the investment management industry. For example, in some cases, they may provide consulting services to other investment advisers or managers of alternative investments. They also may provide litigation consulting or expert witness services relating to disputes involving investment management services, alternative investments and other areas. In some cases, they may provide these services to clients who either manage or are affiliated with persons who manage investments that Forefront has recommended to its clients or might in the future recommend to its clients. Accordingly, these outside consulting services could give rise to a conflict of interest when Forefront recommends investment in, or invests client assets in, alternative investments that are managed by a person who pays Dr. Geczy or another Forefront employee for consulting, expert or other services. It is the policy of Forefront to at all times put the interests of its client first. Accordingly, Forefront makes investment decisions for, and provides advice to, clients without regard to whether any other employee of Forefront receives compensation from a third party for providing consulting, expert or other services.

### Miscellaneous Arrangements

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From time to time, the firm (and its principals) may receive compensation from financial services companies for participating in educational conferences, conducting training sessions, giving speeches and authoring articles and papers on financial topics. The receipt of this compensation will not, in whole or in part, be related to the services the firm provides its clients or their plan.



### **Other Principal Business**

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The firm's Principal, Dr. Geczy, serves as Adjunct Associate Professor of Finance at The Wharton School, University of Pennsylvania and as the Academic Director of the Wharton Wealth Management Institute. This is Dr. Geczy's principal business as he devotes at least sixty percent (60%) of his time to his academic responsibilities as full-time employment.

### **Affiliated Firm**

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While Forefront's Principal, Dr. Geczy, is has an ownership interest in PPB Advisors, LLC ("*PPB*"), no conflict of interest exists as Forefront does not recommend clients utilize the services of *PPB*.

## Item 11. Code of Ethics

Forefront and persons associated with Forefront (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Forefront’s policies and procedures.

Forefront has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Advisers Act, its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Forefront or any of its associated persons. The *Code of Ethics* also requires that certain of Forefront’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Forefront’s *Code of Ethics*, none of Forefront’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Forefront’s clients.

When Forefront is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Forefront is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

As discussed above in response to Item 4, Forefront is the investment manager of the *Private Funds*. Forefront may recommend, on a fully disclosed basis, that certain clients invest in the *Private Funds*. As such, a conflict of interest exists in the event the firm recommends that clients invest in *Private Funds*. To the extent that a client invests in the *Private Funds*, Forefront’s management fee may rise proportionately, which presents an inherent financial incentive recommend an investment in the *Private Funds*. Forefront seeks to ensure that all recommendations are made in the best interests of its clients and sufficiently account for their specific objectives, liquidity constraints and portfolio exposures, within its mandate.

Clients and prospective clients may contact Forefront to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

As discussed above, in Item 5, Forefront utilizes the brokerage and clearing services of *JP Morgan*, *IB* and *Wells Fargo* in managing the *Private Funds*.

Factors which Forefront considers in utilizing *JP Morgan*, *IB* and *Wells Fargo*, or any other broker-dealer for management of the *Private Funds*, include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by *JP Morgan*, *IB* and/or *Wells Fargo* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Forefront's clients comply with Forefront's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Forefront determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Forefront seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom Forefront and the *Financial Institutions* have entered into agreements for brokerage clearing services. Forefront periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Forefront in its investment decision-making process. Such research generally will be used to service all of Forefront's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Forefront does not have to produce or pay for the products or services.

### Software and Support Provided by Financial Institutions

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Forefront may receive from the *Financial Institutions*, without cost to Forefront, computer software and related systems support, which allow Forefront to better monitor client accounts maintained on or transactions cleared through their platforms. Forefront may receive the software and related support without cost because Forefront utilizes their services in managing the assets of the *Private Funds*. The software and related systems support may benefit Forefront, but not its clients directly. In fulfilling its duties to its clients, Forefront endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Forefront's receipt of economic benefits from a broker-dealer creates a conflict of

interest since these benefits may influence Forefront's choice of broker-dealer over another that does not furnish similar software, systems support, or services.

## Item 13. Review of Accounts

### Account Reviews

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Forefront monitors the portfolio allocations of its investment management clients (including the *Private Funds*) as part of a continuous and ongoing process. For those clients to which Forefront provides consulting and advisory services, reviews are conducted on an “as needed” basis or as otherwise agreed. Such reviews are conducted by one or more members of the firm’s staff.

All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Forefront and to keep Forefront informed of any changes thereto. Forefront contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### Account Statements and General Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for their accounts. Those clients to which Forefront provides consulting and advisory services receive reports from Forefront summarizing its analysis and conclusions as requested by the client or otherwise agree to in writing by Forefront. *Private Fund* investors are provided with periodic reports (at least quarterly) and audited year-end financial statements directly from the *Private Fund* administrator.

## Item 14. Client Referrals and Other Compensation

### **Economic Benefits**

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Forefront is required to disclose any type of relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. Forefront may receive economic benefits from non-clients (including certain *Financial Institutions*) for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12.

### **Client Referrals**

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Forefront is required to disclose any direct or indirect compensation that it provides for client referrals.

If a client is introduced to Forefront by either an unaffiliated or an affiliated solicitor, Forefront may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Forefront's investment management fee, and does not result in any additional charge to the client. If the client is introduced to Forefront by an unaffiliated solicitor, the solicitor is required to provide the client with a copy of Forefront's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Forefront is required to disclose the nature of his/her relationship to prospective clients at the time of the solicitation and is required to provide all prospective clients with a copy of Forefront's written disclosure brochure at the time of the solicitation.

## Item 15. Custody

### Fee Debit

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Forefront's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Forefront through such *Financial Institution* to debit the client's account for the amount of Forefront's fee and to directly remit that management fee to Forefront in accordance with applicable custody rules.

The *Financial Institutions* where clients' accounts are custodied have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Forefront. In addition, as discussed in Item 13, Forefront may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Forefront.

### Private Funds

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Because Forefront acts as investment adviser to the *Private Funds* and because we have an affiliated party who acts as general partner and managing member of the funds, the firm is deemed to have custody of client assets under current regulatory interpretations. As an adviser with custody, Forefront seeks to have the funds audited on an annual basis by an independent public accountant that is both registered with, and subject to regulatory inspection by, the Public Accounting Oversight Board (PCAOB). For the Forefront Dynamic Strategies Fund, L.P., the firm seeks to send the audited financials to each investor within 120 days of the fund's fiscal year-end and for Forefront Select Fund, L.P. within 180 days of the fund's fiscal year-end. Forefront does not have direct access to client funds. The funds are administered by a third-party administrator and maintained with an independent custodian. The funds' administrator independently calculates Forefront's management fee and sends to Forefront for review and approval. Upon approval, the custodian is directed to transfer the funds to Forefront by an authorized individual on the account. The custodian then debits the funds' account for these fees. Copies of the approved expenses are retained by the funds' administrator and Forefront.

### Surprise Independent Examination

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Forefront is deemed to have custody over clients' cash, bank accounts or securities (for reasons other than those discussed above). As such, the firm is required to engage an independent accounting firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website.

## Item 16. Investment Discretion

Forefront may be given the authority to exercise discretion on behalf of its clients. Forefront also retains the authority to exercise discretion on behalf of the *Private Funds*. Forefront is considered to exercise investment discretion over a fund or account if it can effect transactions without prior express consent. Forefront is given this authority through a power-of-attorney included in the agreement between Forefront and the general partner of the *Private Funds*. Limited partners (i.e., investors) in the *Private Funds* may not request a limitation on this authority (such as certain securities not to be bought or sold).

For example, Forefront takes discretion over the following activities:

- Investments to be purchased or sold;
- The amount of investments to be purchased or sold;
- When transactions are made;
- The *Independent Managers* to be hired or fire;
- The *Financial Institutions* to be utilized.



## Item 17. Voting Client Securities

Forefront may vote client securities (i.e., proxies) on behalf of its clients. When Forefront accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in Forefront's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Forefront's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Forefront to request information about how Forefront voted proxies for that client's securities or to get a copy of Forefront's Proxy Voting Policies and Procedures. A brief summary of Forefront's Proxy Voting Policies and Procedures is as follows:

- Forefront has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to Forefront's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Forefront devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Forefront's vote on a particular solicitation but can revoke Forefront's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Forefront maintains with persons having an interest in the outcome of certain votes, Forefront takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

## Item 18. Financial Information

Forefront is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.



Prepared by:

