

# **Forthright Wealth Management, LLC**

## **Form ADV Part 2A**

### **Investment Adviser Brochure**

**February 2017**

This brochure provides information about the qualifications and business practices of Forthright Wealth Management, LLC ("Forthright"). If you have any questions about the contents of this brochure, please contact us at 470.448.4468 or [molli.wills@forthrightwm.com](mailto:molli.wills@forthrightwm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority. Forthright Wealth Management, LLC is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training.

Additional information about Forthright also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The Firm's CRD number is 220515.

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## **Item 2: Material Changes**

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### **Annual Update**

In this Item of Forthright Wealth Management, LLC's (Forthright or the Firm) Brochure, the Firm is required to disclose any material changes that have been made to Form ADV since the Firm's Annual Amendment filing, dated February 26, 2016.

### **Material Changes Since the Last Update**

Since the last Annual Amendment filing, the Firm has no material changes to report.

### **Full Brochure Available**

Forthright's Form ADV may be requested at any time, without charge by contacting Molli Wills at 470.448.4468 or [molli.wills@forthrightwm.com](mailto:molli.wills@forthrightwm.com).

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## **Item 4: Advisory Business**

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### **General Information**

Forthright Wealth Management, LLC (Forthright) was formed in 2015, and provides financial planning and portfolio management services to its clients. At the outset of each client relationship, Forthright spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, Forthright generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the Financial Profile); and
- the client's investment objectives and guidelines (the Investment Plan).

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments Forthright will make or recommend on behalf of the client in order to meet those goals. The Financial Profile and the Investment Plan are discussed regularly with each client, but are not necessarily written documents.

### **Principal Owners**

TJ Austreng, LLC, which is wholly owned by Anthony J. Austreng; BP Johnston, LLC, which is wholly owned by Brian P. Johnston; and JR Wills, LLC, which is wholly owned by Jeff R. Wills, are the principal owners of Forthright.

### **Financial Planning**

Forthright offers financial planning services to clients in conjunction with Portfolio Management services. Forthright's financial planning services normally address areas such as general cash flow planning, retirement planning, insurance analysis, corporate succession and education planning. The goal of this service is to assess the financial circumstances of the client in order to more effectively develop the client's Investment Plan. Financial Planning is typically not offered as a stand-alone service or for a separate fee, but is more often provided in conjunction with the management of the portfolio.

### **Portfolio Management**

As described above, at the beginning of a client relationship, Forthright meets with the client, gathers information, and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by Forthright based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, Forthright will manage the client's investment portfolio on a discretionary or a non-discretionary basis, as determined by the client.

As a discretionary investment adviser, Forthright will have the authority to supervise and direct the portfolio without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

### **Tailored Services**

Clients may impose certain written restrictions on Forthright in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client's investment portfolio is treated individually by giving consideration to each purchase or sale for their client's account. Performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Forthright.

### **Separate Account Managers**

When appropriate and in accordance with the Investment Plan for a client, Forthright may utilize one or more Separate Account Managers (Manager) having access to various Managers offers a wide variety of investment styles, and offers clients the opportunity to utilize more than one Manager if necessary to meet the needs and investment objectives of the client. Forthright will usually select the Manager(s) it deems most appropriate for the client. Factors that Forthright considers in recommending/selecting Managers generally includes the client's stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The Manager(s) will generally be granted discretionary trading authority to provide investment supervisory services for the portfolio. Under certain circumstances, Forthright retains the authority to terminate the Manager's relationship or to add new Managers without specific client consent. In other cases, the client will ultimately select one or more Managers recommended by Forthright.

In any case, with respect to assets managed by a Manager, Forthright's role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Manager(s), and to assist the client in understanding the investments of the portfolio.

## **Sponsor and Manager of Wrap Program**

Forthright is the sponsor and manager of the Forthright Wrap Program (Wrap Program), a wrap fee program. In the event the client participates in the Wrap Program, Forthright shall provide its investment management services and arrange for brokerage transactions under a single annual advisory fee for both advisory services and execution of transactions. Clients in the Wrap Program do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. The advisory fee is negotiable between the client and Forthright and is set out in the advisory agreement. The advisory fee is a percentage based on the value of all assets in the account. The advisory fee is paid to Forthright and is shared between Forthright and its associated persons (Investment Advisor Representatives).

The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with Forthright.

A complete description of the Wrap Program's terms and conditions (including fees) are contained in the Wrap Program's wrap fee brochure (See Form ADV Part 2A Appendix 1). There are no material differences between the Forthright managed wrap accounts and other accounts. The wrap relationship exists primarily because of the preference of some clients to not be subject to separate transaction charges.

## **Fiduciary Statement**

Forthright and its employees are fiduciaries who must take into consideration the best interests of the Firm's clients. Forthright will act with competence, dignity, integrity, and in an ethical manner, when dealing with clients. Forthright will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

As a fiduciary, Forthright has the obligation to deal fairly with our clients. Forthright has the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

## **Assets Under Management**

As of December 31, 2016, Forthright manages approximately \$237,508,000 in assets under management; approximately \$230,092,000 is managed on a discretionary basis, and approximately \$7,416,000 is managed on a non-discretionary basis.

## **Item 5: Fees and Compensation**

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### **Financial Planning Fees**

As noted above, Financial Planning services are typically not offered as a stand-alone service or for a separate fee, but are more often provided in conjunction with the management of the portfolio.

However, in the event that Forthright creates a stand-alone financial plan for the client, fees are negotiated at the time of the engagement for such services, and are based on an hourly or fixed fee basis. Fixed fees range from \$2,500 to \$15,000; and hourly fees range from \$250 to \$1,000 per hour. All fees would be payable upon presentation of the financial plan to the client.

### **Portfolio Management Fees**

The annual fee for client accounts typically ranges between 0.75% and 1.25% of assets under management. The minimum annual fee for any household is \$2,500. Forthright may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Forthright deems it appropriate under the circumstances.

Fees are generally payable quarterly, in advance. Fees are prorated for cash flows exceeding \$100,000. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

Either Forthright or the client may terminate their Investment Management Agreement at any time, subject to any notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Forthright from the client will be invoiced or deducted from the client's account prior to termination.

### **Separate Account Manager Fees**

When one or more Managers are utilized, the Manager(s)' fees will be separate from and in addition to Forthright's fee.

## **Wrap Program**

Forthright provides services to certain of its clients through the Forthright Wrap Program (the Wrap Program). For accounts participating in the Wrap Program, Forthright's advisory fee and brokerage expenses (i.e., commissions, ticket charges, etc.) of the account(s) are included in the advisory fee. Fees are individually negotiated with each client, and range between an annual rate of 0.75% and 1.25% of assets under management. The minimum annual fee for any household is \$2,500.

In the Wrap Program Forthright pays to the broker/dealer the transaction and execution costs associated with client accounts. This may create a disincentive for Forthright to trade securities in accounts. The Wrap Program is discussed in further detail in Form ADV Part 2A Appendix 1.

## **General Fee Information**

Fees paid to Forthright are exclusive of all custodial and transaction costs (except for accounts managed in the Wrap Program) paid to the client's custodian, brokers or other third party consultants. Fees paid to Forthright are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, Forthright and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

## **Other Compensation**

*Insurance Disclosure.* Certain of Forthright's employees are also licensed to sell insurance. In providing financial planning and other related advisory services, these employees may recommend the purchase of products under circumstances where they would be entitled to receive a commission or other compensation in the transaction. In all such circumstances, however, the client will be notified of this payment in advance of the transaction, and under no circumstances will the client pay both a commission to these individuals and a management fee to Forthright on the same pool of assets.



*Broker Disclosure.* Certain of Forthright's employees are also Registered Representatives of Purshe Kaplan Sterling Investments, a FINRA and SIPC member, and registered broker/dealer (PKS). As such, they are entitled to receive commissions or other remuneration on the sale of insurance and other products. In order to protect client interests, Forthright's policy is to fully disclose all forms of compensation before any such transaction is executed. Clients will not pay both a commission to these individuals and also pay an advisory fee to Forthright on assets held in the same account. These fees are exclusive of each other.

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

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Forthright does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Forthright has no performance-based fee accounts, it has no side-by-side management.

## **Item 7: Types of Clients**

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Forthright serves individuals, high net worth individuals, corporations, trusts, and estates. Forthright does not generally impose a minimum portfolio value. The annual minimum fee charged is \$2,500 for any household. Under certain circumstances and in its sole discretion, Forthright may negotiate such minimums.

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

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### **Methods of Analysis**

In accordance with the Investment Plan, Forthright will primarily invest in mutual funds, ETFs, common stocks and individual bonds, and may recommend or select Separate Account Managers as appropriate.

Mutual funds, ETFs and Separate Account Managers are generally evaluated and selected based upon a variety of factors, including, as applicable and without limitation, past performance, fee structure, individual portfolio manager(s), fund family, overall ratings for risk and returns, and other factors.

In selecting individual stocks for an account, Forthright generally applies traditional fundamental analysis including, without limitation, the following factors:

- Financial strength ratios,
- Price-to-earnings ratios,
- Dividend yields, and
- Growth rate-to-price earnings ratios.

Forthright will incorporate other methods of analysis, such as technical analysis, which involves studying past price patterns and trends in the financial markets to predict the duration of the overall market and specific stocks.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. Forthright will generally evaluate and select individual bonds or bond funds based on a number of factors, including, without limitation, rating, yield, and duration.

### **Investment Strategies**

Forthright's strategic approach is to invest each portfolio in accordance with the Investment Plan that has been developed specifically for each client. Forthright focuses on long-term investing, in which securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Forthright's clients may choose to utilize margin transactions. A margin transaction is a securities transaction in which an investor borrows money to purchase a security, and the security serves as collateral on the loan.

### **Risk of Loss**

While Forthright seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money. Investing in securities involves risk of loss that clients should be prepared to bear.

Below is a description of several of the principal risks that client investment portfolios face:

**Management Risks:** While Forthright manages client investment portfolios, or recommends one or more Managers, based on Forthright's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Forthright or a Manager allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Forthright's specific investment choices could underperform their relevant indexes.

***Risks of Investments in Mutual Funds, ETFs and Other Investment Pools:*** As described above, Forthright or a Manager may invest client portfolios in mutual funds, ETFs and other investment pools (“pooled investment funds”). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds’ success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

***Equity Market Risks:*** Forthright and any Manager(s) will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security’s prospects.

***Fixed Income Risks:*** Forthright and any Manager(s) may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

***Foreign Securities Risks:*** Forthright and any Manager(s) may invest portions of client assets into international securities or pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security’s underlying foreign currency.

## **Item 9: Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Forthright or the integrity of Forthright's management. Forthright has no disciplinary events to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

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### **Financial Industry Activities – Broker-Dealers**

Forthright is not registered as a broker-dealer. Some employees are registered representatives of a broker-dealer, Purshe Kaplan Sterling Investments, a FINRA and SIPC member, and registered broker/dealer (PKS).

### **Financial Industry Activities – Futures and Commodities**

Neither Forthright nor any of its employees registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Broker-Dealer Registered Representatives**

As noted above, some of the Firms' employees are registered representatives of broker/dealer, Purshe Kaplan Sterling Investments, a FINRA and SIPC member, and registered broker/dealer ("PKS"). Advisory services are provided separately and independently of PKS. Registered Representatives of PKS may be involved in, and compensated for, the sale of securities of various types, including, but not limited to, stocks, bonds, mutual funds, fixed and variable annuities, and other insurance products. This relationship could create a material conflict of interest with clients.

All recommendations made are specific to each client's individualized needs and current financial situation. Clients to whom Forthright offers advisory services are advised that they are free to implement recommendations under any broker dealer they choose.

While these individuals endeavor at all times to put the interest of the clients first as part of Forthright'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.

### **Insurance**

As noted in Item 5, Fees and Compensation, some Forthright employees are licensed insurance agents or brokers and may be appointed with several insurance companies. Types of insurance sold include life, LTC, disability and annuities. They may earn separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any Forthright for insurance product purchases, and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from investment advisory fees charged by Forthright.

### **Other Investment Advisors**

Forthright selects other investment advisors for its clients. Forthright does not receive any compensation for the selection of other managers.

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

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### **Code of Ethics and Personal Trading**

Forthright has adopted a Code of Ethics (Code), the full text of which is available to you upon request. Forthright's Code has several goals. First, the Code is designed to assist Forthright in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Forthright owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires Forthright's managers, officers, and employees (employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits employees from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Forthright's employees. Forthright expects its employees to put the interests of its clients first, ahead of personal interests and Forthright's employees are not to take inappropriate advantage of their positions in relation to Forthright clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of employees. From time to time Forthright's employees may invest in the same securities recommended to clients. Forthright has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of employees, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Forthright's employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of Forthright's Code of Ethics by contacting the Firm directly at 470.448.4468.

### **Participation or Interest in Client Transactions**

Forthright and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. These trades may not occur ahead of client trades. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Forthright will not interfere with (i) making

decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Forthright's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Forthright and its clients.

### **Participation or Interest in Client Transactions – Financial Interest and Principal/Agency Cross**

Forthright and its employees neither recommend to clients, nor buy or sell for client accounts, securities in which they have a material financial interest.

It is Forthright's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. Forthright will also not cross trades between client accounts.

## **Item 12: Brokerage Practices**

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

Forthright does not receive formal soft dollar benefits from broker/dealers in connection with client securities transactions. See disclosure below in "Best Execution and Benefits of Brokerage Selection".

### **Brokerage for Client Referrals**

Forthright does not receive client referrals from broker/dealers.

### **Directed Brokerage**

Forthright generally recommends that clients utilize the brokerage and clearing services of Raymond James Financial, Inc. (Raymond James). The arrangement that Forthright has with Raymond James is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

Clients may direct Forthright to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is

responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

By directing Forthright to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with Forthright that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

### **Directed Brokerage – Wrap Fee Programs**

As disclosed in Item 4, clients may participate in wrap fee programs. In evaluating a wrap-fee program, a client should recognize that brokerage commissions for the execution of transactions in their account are not negotiated. Transactions are effected net, i.e., without commission and a portion of the wrap fee is generally considered to be in lieu of commissions. Trades are generally expected to be executed only with the broker dealer with which the client has entered into the wrap fee arrangement.

Forthright may not, therefore, be free to seek best price and execution by placing transactions with other broker dealers. Forthright's experience indicates that certain broker dealers under clients' wrap fee agreements generally offer best price for transactions in listed equity securities, but no assurance can be given that such will continue to be the case with those or other broker dealers which may offer wrap fee arrangements, nor with respect to transactions in other types of securities. The client may wish to ensure that the broker dealer offering the wrap-fee arrangement can provide adequate price and execution of most or all transactions. The client should also consider that depending on the wrap-fee charged by the broker dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap-fee may or may not exceed the aggregate cost of such services were they to be provided separately and if the firm were free to negotiate commissions and seek best price and execution of transactions for the client's account.

### **Best Execution and Economic Benefits of Brokerage Selection**

When given discretion to select the brokerage firm that will execute orders in client accounts, Forthright seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and

commission rates. Therefore, Forthright may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of Forthright's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

Forthright participates in the service program of Raymond James. While there is no direct link between the investment advice Forthright provides and participation in the Raymond James program, Forthright receives certain economic benefits from the Raymond James program. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of Forthright's fees from its clients' accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of Forthright's accounts, including accounts not held at Raymond James. Raymond James may also make available to Forthright other services intended to help Forthright manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Raymond James may make available, arrange and/or pay for these types of services to be rendered to Forthright by independent third parties. Raymond James may discount or waive fees it would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to Forthright, and/or Raymond James may pay for travel expenses relating to participation in such training. Finally, participation in the Raymond James program provides Forthright with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the Raymond James program do not necessarily depend upon the proportion of transactions directed to Raymond James. The benefits are received by Forthright, in part because of commission revenue generated for Raymond James by Forthright's clients. This means that the investment activity in client accounts is beneficial to Forthright, because Raymond James does not assess a fee to Forthright for these services. This creates an incentive for Forthright to continue to recommend Raymond James to its clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, Forthright believes that Raymond James provides an excellent combination of these services. These services are not soft dollar arrangements, but are part of the institutional platform offered by Raymond James.



## **Aggregated Trade Policy**

Forthright typically directs trading in individual client accounts as and when trades are appropriate based on the client's Investment Plan, without regard to activity in other client accounts. However, from time to time, Forthright may aggregate trades together for multiple client accounts, most often when these accounts are being directed to sell the same securities at the same time. If such an aggregated trade is not completely filled, Forthright will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis; provided, however, that any participating accounts that are owned by Forthright or its officers, directors, or employees will be excluded first.

## **Item 13: Review of Accounts**

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Managed portfolios are reviewed periodically, as needed, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Forthright. These factors may include, but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. Forthright's portfolio managers are responsible for reviewing accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. Forthright will provide additional written reports as needed or requested by the client.

## **Item 14: Client Referrals and Other Compensation**

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As noted above, Forthright may receive some benefits from Raymond James based on the amount of client assets held at Raymond James. Please see Item 12, Brokerage Practices, for more information.

Forthright does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15: Custody**

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Clients may authorize Forthright (in the client agreement) to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian (custodian). Client investment assets will be held with a custodian agreed upon by the client and Forthright. The custodian is advised in writing of the limitation of Forthright's access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts

disbursed from the account including the amount of advisory fees paid directly to Forthright.

Raymond James is the custodian of nearly all client accounts at Forthright. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify Forthright of any questions or concerns. Clients are also asked to promptly notify Forthright if the custodian fails to provide statements on each account held.

From time to time and in accordance with Forthright's agreement with clients, Forthright will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

## **Item 16: Investment Discretion**

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As described in Item 4, Forthright will accept clients on either a discretionary or non-discretionary basis.

For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving Forthright the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. Forthright then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with Forthright and the requirements of the client's custodian.

For non-discretionary accounts, the client also generally executes an LPOA, which allows Forthright to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between Forthright and the client, Forthright does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to Forthright's agreement with the client and the requirements of the client's custodian.

## **Item 17: Voting Client Securities**

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As a policy and in accordance with Forthright's client agreement, Forthright does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact Forthright with questions relating to proxy procedures and proposals; however, Forthright generally does not research particular proxy proposals.

## Item 18: Financial Information

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Forthright has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Forthright does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure with respect to this item.