



## **Form ADV Part 2A**

**March 30, 2020**

**One Tower Bridge**

**100 Front Street – Suite 1300**

**West Conshohocken, PA 19428**

**(212) 488-1390**

**[www.forbesfamilytrust.com](http://www.forbesfamilytrust.com)**

*This brochure provides information about the qualifications and business practices of Forbes Family Trust (“Forbes”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer at (212) 488-1390 or [kek@forbesfamilytrust.com](mailto:kek@forbesfamilytrust.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Forbes is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Forbes is a registered investment adviser with the SEC. Registration does not imply a certain level of training or skill.*

## **Item 2: Material Changes**

The following material changes to this Form ADV Part 2A (the “Firm Brochure”) have been made since the last annual update which was filed on March 29, 2019:

**Item 4 – Advisory Business** has been updated to include information regarding FWM Holdings, LLC acquisition, through its subsidiary FWM Acquisition LLC, of the assets of Optima Fund Management LLC effective July 1, 2019. On July 1, 2019, FWM Holdings LLC purchased the assets of Optima Fund Management LLC and FWM Acquisition LLC was assigned the investment advisory contracts of Optima Fund Management LLC’s clients. Immediately following this asset purchase transaction, FWM Acquisition LLC changed its name to Optima Asset Management LLC (“Optima”).

**Item 10 – Other Financial Industry Activities and Affiliations** has been updated to include information about Optima and its affiliated entities which serve as General Partner, Managing Member or in another similar capacity to a number of Optima’s commingled pooled vehicles.

### **Item 3: Table of Contents**

<u>Section</u>	<u>Page</u>
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	6
Item 6 – Performance-Based Fees and Side-by-Side Management	7
Item 7 – Types of Clients	8
Item 8 – Methods of Analysis, Investment Strategies and Risks of Loss	8
Item 9 – Disciplinary Information	12
Item 10 – Other Financial Industry Activity and Affiliations	12
Item 11 – Code of Ethics	14
Item 12 – Brokerage Practices	15
Item 13 – Review of Accounts	16
Item 14 – Client Referrals and Other Compensation	17
Item 15 – Custody	17
Item 16 – Investment Discretion	17
Item 17 – Voting Clients’ Securities	18
Item 18 – Financial Information	18

## **Item 4: Advisory Business**

### **A. About the Business.**

Forbes Family Trust (“Forbes” or the “Firm”) is a multi-family office providing thoughtful investment management and family office services to preserve and grow wealth – and make life easier – for its clients. It is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”) and has been in business since October 2009. Forbes is 100% owned by FWM Holdings, LLC which also owns LGL Partners, LLC (“LGL”) and Bala Capital Group, LLC (“Bala”). Supervised persons at Forbes serve in similar capacities for LGL and Bala.

On July 1, 2019, FWM Holdings LLC purchased the assets of Optima Fund Management LLC and FWM Acquisition LLC was assigned the investment advisory contracts of Optima Fund Management LLC’s clients. Immediately following this asset purchase transaction, FWM Acquisition LLC changed its name to Optima Asset Management LLC (“Optima”). This strategic transaction will allow Forbes’ to expand its footprint in the hedge fund industry and will give Optima’s clients access to Forbes’ comprehensive suite of products and services including sophisticated tax, estate and financial planning, asset allocation and consolidated reporting.

### **B. Advisory Services Offered.**

Forbes provides investment management, financial planning and consulting services. Prior to engaging Forbes to provide any of the foregoing services, a client is required to enter into one or more written agreements with Forbes setting forth the terms and conditions under which Forbes renders its services.

#### ***Investment Management Services***

Clients can engage Forbes to manage all or a portion of their assets on a discretionary or a non-discretionary basis. Forbes primarily allocates clients’ investment assets among mutual funds, exchange traded funds (“ETFs”), third-party managers, and alternative investments in accordance with the investment objectives of the client. The Firm may also provide advice and oversight with regard to legacy positions or concentrated stock positions otherwise held in its clients’ portfolios.

As mentioned above, Forbes recommends that certain clients invest a portion of their assets with unaffiliated, third-party managers who may have more expertise and be able to more efficiently invest the client in certain sectors than Forbes would be able to do directly. The terms and conditions under which the client engages the third-party manager are set forth in a separate, written agreement between Forbes and the third-party manager or directly between the client and the third-party manager.

Certain of the alternative investments recommended by Forbes, which may include debt, equity and/or pooled investment vehicles, exist in the form of private placement

securities. Accordingly, Forbes limits the recommendation of these investments to clients that are deemed to be “accredited investors”, as defined under Rule 501 of the Securities Act of 1933, as amended (the “Securities Act”).

Forbes may also render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client’s primary custodian.

### ***Financial Planning and Consulting Services***

Forbes provides clients with a broad range of comprehensive financial planning and consulting services. These services are tailored based on the individual needs of the client. Forbes may recommend the services of itself, affiliated entities or other unaffiliated professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Forbes recommends its own services or those of an affiliate. The client is under no obligation to act upon any of the recommendations made by Forbes under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Forbes itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Forbes’ recommendations.

#### **C. Tailored Services.**

Forbes tailors its advisory services to the individual needs of clients. Forbes consults with clients initially and on an ongoing basis and may develop an investment policy statement which determines risk tolerance, time horizon and other factors that may impact the clients’ investment needs. Forbes ensures that clients’ investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Forbes if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Forbes’ management services. Client may impose reasonable restrictions or mandates on the management of their account(s) (e.g. require that a portion of their assets be invested in socially responsible funds) if, in Forbes’ sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome.

#### **D. Wrap Fee Programs.**

Forbes does not participate in wrap fee programs.

#### **E. Assets Under Management.**

As of December 31, 2019, Forbes had Regulatory Assets Under Management of \$1,133,936,430, which included \$379,100,501 managed on a discretionary basis and \$754,835,929 managed on a non-discretionary basis.

In addition, Forbes provides advice and oversight to assets which cannot be included in the definition of Regulatory Assets Under Management. These Assets Under Advisement include, but are not limited to, private equity holdings, physical assets such as art work, and other non-traditional assets. In combination with its affiliated entities under the FWM Holdings, LLC umbrella, as of December 31, 2019, Forbes had Assets Under Advisement of \$5,747,789,533.

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

- A. Forbes offers its services to clients on a fee basis, which may include fixed fees or fees based on assets under management.

### ***Investment Management Fees***

If engaged to provide investment management services, Forbes charges either an annual fee based upon assets under management which may be subject to a minimum fee or, in the alternative, a fixed annual fee. The Firm's asset-based fee generally varies between 0.25% and 1.50% of the assets under management depending on the size of the investment portfolio, the complexity of an engagement and the type of services to be rendered. The fee is prorated and generally charged quarterly, in arrears, based upon the average daily balance of the assets during the previous quarter. In certain circumstances, Forbes' fees may be negotiable.

The Firm's fixed fees generally range from \$5,000 to \$2,000,000 annually and are charged quarterly in advance or arrears, depending on the client's Arrangement. These fees are independently negotiated between Forbes and a client prior to commencing services.

### ***Financial Planning and Consulting Fees***

Forbes charges a fixed fee for its standalone financial planning and consulting services. These fees are negotiable, but generally range from \$5,000 to \$2,000,000. These fees are determined by the complexity of an engagement, the level and scope of services, and the professionals engaged to render the services. If the client engages Forbes for additional investment advisory services, Forbes may offset all or a portion of its investment management fees based upon the amount paid for planning or consulting services.

Generally, Forbes requires one-half of the fixed fee payable upon entering into a contract with a client. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

B. Deduction of Fees.

Forbes bills its clients in accordance with the client's investment advisory agreement. Generally, pursuant to the authority granted in the client's investment advisory agreement, Forbes will debit its fees directly from the client's account(s). However, clients have the ability to elect for direct invoicing.

Clients are billed quarterly, in arrears, unless otherwise agreed. For the initial period of investment management services, the fees are calculated on a pro rata basis. Forbes' fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Certain third-party managers may employ different billing practices than Forbes. In such circumstances, in the interest of efficiency, Forbes may alter its billing practices to accommodate those of the third-party manager.

C. Other Fees and Expenses.

All portfolios incur brokerage and other transaction costs. Please refer to Item 12 for additional information about brokerage fees.

Clients may incur additional fees charged by third-party managers, custodial fees, charges imposed directly by a mutual fund or ETF which are disclosed in the funds' prospectus, 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. Such charges, fees, and commissions are exclusive of and in addition to Forbes' fees.

D. Advance Billing.

Some of Forbes' clients may pay fees in advance. If the account terminates during the period for which the fees have been pre-paid, the Firm will prorate the client's fee for the time Forbes' managed the account during the period, and rebate the difference to the client.

E. Additional Compensation.

None of Forbes' supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Forbes does not receive any performance-based fees.

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

Forbes offers its services to individuals, investment limited partnerships or other collective vehicles, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Forbes does not impose a minimum portfolio size or minimum annual fee. Certain third-party managers may impose account minimums.

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

### **A. Methods of Analysis.**

In determining investment opportunities, Forbes uses a proprietary combination of inherently fundamental and/or technical analytical indicators, while relying on assets allocation optimizations for purposes of assessing portfolio weightings.

Fundamental analysis involves an examination of the fundamental financial condition and competitive position of a company. Forbes analyzes the financial condition, capabilities of management earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and option of a company may be good, marketing conditions may negatively impact the security.

Technical analysis involves the examination of part market data rather than specific company data in determining the recommendations made to clients. Technical analysis involves the use of charts and other metrics in an effort to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend may eventually recur, there is no guarantee that Forbes will be able to accurately predict such a recurrence.

Asset allocation optimization involves an analytical measure whereby the firm seeks to balance risk and regard by apportioning portfolio assets among various asset classes according to an individual's objectives, time horizon and risk tolerance. While Forbes believes that this diversification affords clients an added level of protection from overexposure to any one asset class, it also subjects portfolios to a variety of asset classes that may prove volatile during a given period.



Forbes is a data-driven, analytical firm. Forbes focuses on results and endeavors to deliver the most cost-effective investment solutions to its clients in each asset class. Once risk and return objectives are established, the asset allocation process starts. Proprietary analytical resources are used to optimize asset allocation mixes, construct stress tests and conduct cash flow analyses to assess the impact of actual or potential market conditions.

Based on numerous levels of analysis, the Firm analyzes each investment opportunity with substantially the same repeatable process. This process begins by focusing on investments that have a clear and defined investment opportunity, with the target for appropriate risk-adjusted returns. These investments may engage in a wide range of investment strategies.

Forbes' quantitative tools form the Firm what it believes to be a sophisticated understanding of what drives returns. It is Forbes' view that the Firm's systems allow it to understand and identify whether the market or the manager is contributing to performance. The Firm feels that managers should be rewarded for their ability to earn a return above and beyond the return delivered by the market. Forbes seeks to objectively evaluate investment talent and deliver cost-effective investment solutions to its clients.

Once the manager and instrument selection are complete and capital is allocated, the process continues with monitoring, rebalancing and reporting. The Firm monitors clients' portfolios and allocations in an effort to ensure that managers are performing according to expectations and risk adjusted return is as anticipated.

#### B&C. Strategies and Specific Risks.

Forbes does not employ specific strategies. Upon initiating a client relationship, Forbes works with a client to ascertain his/her/its investment objectives, risk profile, and investment management goals. The Firm discusses its client's family and trust situation, estate planning, sources of income, expenses, assets and insurance coverage and tailors the client's portfolio accordingly. The asset allocation outputs feed into the manager and instrument selection process. Forbes advises its clients to invest their assets in a diversified group of investment solutions across asset classes ranging from equity, fixed income, real estate, commodities, ETFs, hedge funds, private equity and alternative assets.

##### ***General Risk of Loss***

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

##### ***Market Risk***

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

### ***Mutual Funds and ETFs***

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event, they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g. sales loads, purchase fees, redemption fees, etc.). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during period of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively-managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rate NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist.

### ***Options***

Options allow investors to buy or sell a security at a contract "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### ***Real Estate Investment Trusts ("REITs")***

Forbes may recommend an investment in, or allocate assets among, various REITs, the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

### ***Use of Third-Party Managers***

Forbes may recommend the use of third-party managers for certain clients. Forbes continues to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the third-party manager's ability to successfully implement their investment strategies. In addition, Forbes does not have the ability to supervise the third-party managers on a day-to-day basis.

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

Forbes may recommend the investment by certain clients in privately placed collective investment vehicles, some of which may typically be called "hedge funds". The managers of these vehicles will have broad discretion in selecting the investments. There are a few limitations on the types of securities or other financial instruments which may be traded and have no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is 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 further explaining such risks.

### ***Use of Margin***

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Forbes in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Forbes will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to Forbes. Accordingly, the decision as to whether to employ margin is left to the discretion of the client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adviser impact to which a client's portfolio may be subject. Borrowings will usually be from securities of brokers and dealers and will typically be secured by the

client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the clients obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

### ***Cybersecurity Risk***

With the increased use of technology, Forbes is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber incidents impacting Forbes have the ability to cause disruptions and impact business operations, potentially resulting in the inability to transact business, financial losses, violations of applicably privacy and other laws, regulatory finds, penalties or reputational damage. While Forbes has established a business continuity plan and risk management systems intended to identify and mitigate cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified Furthermore, Forbes cannot control the cybersecurity plans and systems put in place by third party service providers and issuers in which client portfolios invest. As a result, clients could be negatively impacted.

## **Item 9: Disciplinary Information**

Forbes is required to disclose any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. There are no events to disclose.

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

- A. Neither Forbes nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Forbes, nor any of its management persons, are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.
- C. Under the umbrella of its parent company, FWM Holdings, LLC, Forbes is related to Bala, LGL and Optima, each of which are registered investment advisers with the SEC. Supervised persons of Forbes serve in similar capacities at LGL and Bala. Optima remains operationally independent of Forbes.

LGL serves as the named investment adviser and General Partner to the AM Global Core Fund, LLC (the “Core Fund”). Interests in the Core Fund are privately offered pursuant to Regulation D under the Securities Act. The Core Fund currently rely on an exemption from registration under the Investment Company Act of 1940, as amended (the “’40 Act”).

Participation as an investor in the Core Fund is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Advisers Act as well as those that are accredited investors or qualified purchasers as defined in the Securities Act.

To the extent certain of Forbes’ individual advisory clients qualify, they may be eligible to participate as limited partners in the Core Fund. Investment in the Core Fund involves a significant degree of risk. All relevant information, terms and conditions relative to the Core Fund, including the compensation received by Forbes or any affiliate as the investment manager and General Partner, and potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum, the Limited Partnership Agreement, and the Subscription Agreement, which each investor is required to receive and/or execute prior to being accepted as an investor into the Core Fund.

Bala serves as the named investment adviser and General Partner to certain private funds, namely the Bala Capital Fund, LLC, the Bala Capital Opportunity Fund, LLC and the Bala Capital Opportunity Master Fund, LLC (collectively, the “Bala Funds”). Interests in the Bala Funds are privately offered pursuant to Regulation D under the Securities Act. The Bala Funds currently rely on an exemption from registration under the ’40 Act.

Participation as an investor in the Bala Funds is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Advisers Act as well as those that are accredited investors or qualified purchasers as defined in the Securities Act.

To the extent certain of Forbes’ individual advisory clients qualify, they may be eligible to participate as limited partners in the Bala Funds. Investment in the Bala Funds involves a significant degree of risk. All relevant information, terms and conditions relative to the Bala Funds, including the compensation receive by Forbes or any affiliate as the investment manager and General Partner, and potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum, the Limited Partnership Agreement, and the Subscription Agreement, which each investor is required to receive and/or execute prior to being accepted as an investor into the Bala Funds.

Optima is an affiliate of both Optima Managers LLC, a single-manager commingled fund sponsor and Optima Managers GP-MM LLC, the managing member and General Partner of a number of commingled pooled investment vehicles (“Optima Funds”). Interests in the Optima Funds are privately offered pursuant to Regulation D under the Securities Act. The Optima Funds current rely on exemptions from registration under the ’40 Act.

Participation as an investor in the Optima Funds is restricted to investors that are accredited investors and/or qualified purchasers as defined in the Securities Act.

To the extent certain of Forbes' individual advisory clients qualify, they may be eligible to participate as limited partners in the Optima Funds. Investment in the Optima Funds involves a significant degree of risk. All relevant information, terms and conditions relative to the Optima Funds, including compensation received by Optima as the investment manager and General Partner (or similar capacity), and potential conflicts of interest are set forth in the Confidential Private Offering Memoranda, Limited Partnership Agreement and Subscription Agreement, which each investor is required to receive and/or execute prior to being accepted as an investor in the Optima Funds.

- D. Additionally, in June 2017, Wealth Partners Capital Group ("WPCG"), through an investment in FWM Holdings, LLC, acquired an indirect minority equity interest in Forbes. While there is no present intention to do so, WPCG has the right to acquire additional equity interests in FWM Holdings, LLC. In total, WPCG's ownership could exceed 50%. In that case, WPCG would possess governance rights of a majority owner. WPCG's equity interest in FWM Holdings, LLC is structured so that Forbes maintains operational autonomy in managing its business. WPCG does not have any role in the day-to-day management of FWM Holdings, LLC or Forbes. WPCG also holds equity interests in certain other investment advisers ("WPCG Advisers"). Each of the WPCG Advisers, including Forbes, operate autonomously and independently. Neither WPCG, nor any of the WPCG Advisers, has any involvement or influence in Forbes' selection of portfolio managers. As such, WPCG's interest in FWM Holdings, LLC, does not, in Forbes' view, present any potential conflict of interest with Forbes' clients.

## **Item 11: Code of Ethics**

- A. In recognition of Forbes' fiduciary duty to its clients and Forbes' desire to maintain high ethical standards, Forbes has adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 of the Advisers Act. It contains provisions designed to (1) prevent improper personal trading by Access Persons of Forbes, (2) prohibit the misuse of inside information, (3) identify conflicts of interest and (4) provide a means to resolve any actual or potential conflict of interest.
- Forbes will provide a copy of the Code upon a client's or prospective client's written request.
- B. Forbes' affiliate, Bala, serves as General Partner and investment manager of the Bala Funds and LGL serves as the General Partner and investment manager of the Core Fund. Forbes solicits client investments in these proprietary vehicles. An adviser could face a potential conflict of interest in soliciting client investments for proprietary vehicles in which it has a material financial interest if it were receiving a higher fee for serving as the General Partner. Forbes could have an incentive to recommend to a client investment in its affiliates' proprietary vehicles as opposed to another vehicle or separate account, which may or may not be more appropriate for the client's needs. Forbes does not have the ability to invest its clients in its affiliates' proprietary vehicles on a discretionary basis. Prior to any investment, the client would be provided with the Offering Documents for the vehicle which further discuss the conflict of interest. Further, clients'

who hold a proprietary vehicle in their investment management portfolio have their investment management fees adjusted to reflect the management fee paid to the General Partner and investment manager of the fund.

- C&D. Forbes and its Supervised Persons may affect transactions for their own accounts in the same or different securities than those purchased and sold for the accounts of Forbes' clients. This presents a potential conflict of interest between Forbes and its clients. Forbes' employees could take advantage of investment opportunities that are appropriate for the Firm's clients prior to the Firm taking the opportunity for its clients. Forbes' has implemented policies and procedures under its Code to avoid these conflicts in the management of its clients' accounts. Subject to a de minimis exception, all personal securities transactions in Reportable Securities, as defined in the Advisers Act, require that written pre-clearance approval is obtained from the Chief Compliance Officer. Any approval remains in effect until close of business on the following business day in which the transaction was approved, unless otherwise stated.

The Chief Compliance Officer only approves transactions if it is concluded that the transaction would comply with the provisions of the Code and is not likely to conflict with or have any adverse economic impact on clients. The Chief Compliance Officer has the authority to exempt any personal securities transaction if it is determined that such exemption would not be against any interests of a client and is consistent with Forbes' requirements under the Advisers Act.

Upon employment, and no less frequently than annually thereafter, employees attend compliance training, sign a Code acknowledgement and execute a questionnaire which inquires, among other things, the names and outside brokerage accounts of the employee and any household members as well as any outside business activities and directorships. All employees who have personal accounts (including household members) are required to instruct their broker-dealer and/or bank to send duplicate statements and confirmations for the account(s) directly to the Chief Compliance Officer no less frequently than quarterly.

## **Item 12: Brokerage Practices**

- A. Generally, the Firm will execute a client's securities transactions through its broker-dealer custodian or non-broker dealer custodian with a related broker-dealer through which that custodian executes trades. The Firm believes that executing transactions in this manner is most favorable to its clients under the circumstances as the clients would incur additional "trade away" costs for trades executed away from their custodians. No less frequently than annually, the Firm reviews the total execution costs to confirm its continued use of the custodial broker-dealers to execute clients' securities transactions.

The Firm's clients generally authorize the Firm to select brokers to effect transactions on their behalf. While the Firm generally utilizes the clients' custodial broker-dealers, from time to time, the Firm may utilize a non-custodial broker-dealer to execute clients'

securities transactions. When selecting a non-custodial broker-dealer, the Firm considers, among other things, the following relevant factors:

- Quality of overall execution services provided by the broker-dealer;
- Commission and transaction fees charged by the broker-dealer;
- Promptness of execution;
- Creditworthiness and business reputation of the broker-dealer
- Block trading capability;
- Ability and willingness to correct errors;
- Any expertise the broker-dealer may have in executing trades for the particular type of security;
- Reliability of the broker-dealer;
- Opportunity for price improvement; and
- Ability of the broker-dealer to use electronic trading networks gain liquidity, price improvement, lower commission rates and anonymity.

Currently, the Firm does not receive any soft dollar benefits from the broker-dealers it utilizes to effect clients' securities transactions. The Firm also does not pay for any third-party services or research through commissions generated by its clients' securities transactions.

The Firm does not consider, in selecting or recommending a broker-dealer, whether Forbes or a related person receives client referrals from a broker-dealer or third party.

Forbes does not have any clients that direct brokerage activity to a particular broker-dealer.

- B. Whenever possible, the Firm will aggregate orders for accounts purchasing/selling the same security at the same time ("block trades"). Block trades may result in lower commissions and better prices for clients than if the Firm placed multiple single orders. As the Firm utilizes the brokerage services of its clients' custodians, clients who maintain accounts with custodians other than Fidelity will not be eligible to participate in block trades with other accounts custodied at Fidelity. However, accounts held away from Fidelity may be eligible to participate in block trades with other clients whose accounts are custodied at the same custodian.

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

- A&B. As part of an ongoing process, Forbes monitors client portfolios and meets with clients on a periodic basis to review Forbes' services and recommendations. Clients are encouraged to discuss the financial needs and objectives and keep Forbes' informed of any changes thereto.



- C. Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular account summary statements directly from the broker-dealer or custodian for the client accounts.

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

- A. Forbes only receives an economic benefit from clients to whom it provides investment advice.
- B. Although Forbes does not currently have any active arrangements with a third-party solicitor/marketer, Forbes may enter into agreements with third-party solicitors/marketers. The compensation for these services, which can be a fixed fee or a percentage of revenues on assets gathered, will be paid completely by Forbes and will not be increased or passed along to a client in any way. Any referral arrangement will be consistent with regulatory requirements, disclosures and recordkeeping.

#### **Item 15: Custody**

Forbes has custody of certain clients' accounts and assets due to General Powers of Attorney over the clients' assets. Forbes may also obtain custody of clients' accounts by processing checks, having login credentials for clients' accounts, establishing Standing Letters of Authorization ("SLOAs") or serving as trustee over a client's account. For those assets and accounts over which Forbes has custody, Forbes subjects such accounts and assets to an annual surprise examination by an auditor registered and subject to the oversight of the Public Company Accounting Oversight Board.

For those accounts over which Forbes has custody, the client's qualified custodian sends statements no less frequently than quarterly directly to the client. Clients should carefully review those statements.

#### **Item 16: Investment Discretion**

Clients may engage Forbes to provide investment advisory services on a discretionary or a non-discretionary basis. Forbes is deemed to provide investment advisory services on a discretionary basis when it can affect transactions on behalf of the client without first having to seek the client's consent. Forbes is given this authority through a limited power of attorney included in the Investment Advisory Agreement between Forbes and the client. Clients may reasonably request a limitation of this authority, such as prohibiting the purchase of certain securities based on socially conscious grounds. With its limited power of attorney, Forbes may take discretion over the following activities:

- Determining the securities to be bought or sold;
- Determining the amount of securities to be bought or sold;
- Determining which brokers or other counterparties are utilized to effect transactions;
- Determining the third-party managers to be hired or fired;

- Determining the commission rates to be paid to a broker-dealer for a client's securities transactions.

**Item 17: Voting Client Securities**

Forbes does not vote client securities on behalf of its clients.

**Item 18: Financial Information**

Forbes is not required to disclose any financial information pursuant to this Item as the Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. Forbes has never been the subject of a bankruptcy petition and does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.