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## Item 2. Material Changes

Registered investment advisers are required to amend their Form ADV 2A Brochure (“Brochure”) to disclose any material changes. If there are material changes, the adviser must provide you with a description or summary of such changes.

Since our last annual updating amendment filing, dated March 29, 2022, we have the following material changes to report:

- We have updated the *Methods of Analysis, Investment Strategies and Risk of Loss* section to include our additional use of alternative data sources as part of our research into the management of our investment strategies. For more information on this topic, refer to Item 8.
- We have updated the *Other Financial Industry Activities and Affiliations* section to remove all references to Dr. Sunil Singhal as a Portfolio Adviser and Dr. Christopher Geczy’s position on the board of AlphaClone Inc.
- Forefront is not deemed to have custody over any clients’ cash, bank accounts or securities that require an annual surprise examination. As such, all references to surprise examinations have been removed.

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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 investment management, consulting, investment advisory and other services to institutional clients, pension plans, foundations, endowments, investment management firms, ultra-high net worth individuals and families, investment limited partnerships, trusts, corporations and other business entities including areas of investment management, 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 December 31, 2022, Forefront had \$453,956,329 in discretionary assets under management, of which \$394,899,214 was managed on a discretionary basis and \$59,057,115 was managed on a non-discretionary basis. In addition, the firm also provides investment advisory services largely to institutional clients with aggregated portfolio assets of approximately \$16 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 entities or individuals that directly engage the services of Forefront. In some contexts, “client” may refer to the Forefront Select Master Fund, L.P. (the “FFSF Fund”) as well as other private funds in the future (collectively, the “*Private Funds*”), 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*.

### **Asset Management, Investment Advisory, and Outsourced Chief Investment Officer Services**

Forefront manages all or a portion of its clients’ assets on a discretionary, non-discretionary, outsourced chief investment officer (“OCIO”), or advisory basis. Forefront generally provides discretionary and non-discretionary investment advice to non-profits, foundations, endowments, and other types of institutional services to their OCIO clients.

Forefront primarily recommends or allocates clients’ investments management assets among alternative investment vehicles, exchange-traded funds (“ETFs”), mutual funds, independent investment managers (“*Independent Managers*”), individual debt and equity securities, derivatives and/or other securities or

investments in accordance with the clients' individual investment objectives. Forefront may recommend that certain clients invest in private placement investments, which may include, without limitation, debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. Forefront may also provide advice about legacy positions or investments otherwise held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

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

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 investment vehicles which Forefront might recommend may take the form of privately placed offerings. 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") or "qualified purchasers" as defined under the Investment Company Act of 1940, as amended.

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 investment therewith.

As of December 31, 2022, the firm had approximately \$16 billion in institutional assets under advisement. 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 or qualitative analytics.

Forefront investment strategies are offered as described below:

#### *Unified Managed Accounts and Other Model Relationships*

Forefront provides model portfolios to financial professionals (each an "MP Advisor") who in turn utilize such information in their own investment programs. Advisors can access model portfolios either directly with Forefront or through certain unrelated third party Unified Managed Account platforms (each an "UMA Platform Provider"). In this capacity unless otherwise arranged, Forefront does not act as investment

adviser to clients of an MP Advisor, but makes available certain model portfolios from time to time that an MP Advisor and their client may consider when managing client accounts. Forefront does not receive client level information in the majority of these relationships and client information which passes through to Forefront is not used. Forefront's obligation in these relationships is to provide updated allocations, in a timely manner, for the strategies outlined in a written agreement. Unlike the separately managed accounts outlined below, Forefront does not have trading discretion for accounts in this structure. Exercising discretion with respect to whether, how, and when to implement the recommendations provided by Forefront as well as arranging for the execution of trades in client accounts is the responsibility of the UMA Platform Provider. The implementation of the strategy and continual servicing of the account in these relationships is handled by the platform or adviser.

It is possible that the recommendations implicit in the model portfolios provided to an MP Advisor will reflect recommendations being made by Forefront contemporaneously to, or investment advisory decisions made contemporaneously for, similarly situated discretionary clients of Forefront or affiliated entities. As a result, Forefront or its affiliates may have already commenced trading before an MP 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 MP Advisor for its clients may be subject to price movements, particularly with large orders or where securities are thinly traded, that may result in MP Advisor clients receiving prices that are less favorable than prices obtained by Forefront for its client accounts.

Conversely, an MP Advisor or MP Platform Provider may initiate trading based on Forefront's model portfolio information before or at the same time Forefront or its affiliates are 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 MP Advisor's trading activity.

Forefront takes reasonable steps to minimize the market impact of the model portfolios provided to an MP Advisor on accounts for which Forefront exercises investment discretion. However, because Forefront does not control an MP Advisor or UMA Platform Provider'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 precise timing of such trades.

### *Separately Managed Accounts*

Forefront provides discretionary investment advisory services to separate account clients directly to individuals and institutions and through unrelated financial intermediaries, for example, broker-dealers and registered investment advisers through non-wrap fee programs. Non-wrap fee accounts will not pay an all-inclusive wrap fee. These clients generally pay for execution and custody services. Separate account clients select an investment strategy after consultation with their primary advisor or Forefront.

### *Sub-Advisory Investment Management Services*

Forefront may provide investment management services on a discretionary basis to clients of various unrelated registered investment advisors and independent broker dealers under a sub-advisory asset management agreement where the registered investment advisor understands the risks connected with the investment strategy investments and the importance of considering these and other risks associated with an account to determine whether an account is appropriate for and consistent with the financial situation and investment objectives of each client. Forefront does not receive client level information in the majority of these relationships and client information which passes through to Forefront is not used. Forefront is generally appointed to act as investment manager for the accounts of specific clients and assume responsibility for the investment and reinvestment of assets within the clients' accounts. These services should not be considered a complete investment program and Forefront and its affiliates may offer a variety of investment advisory programs and certain of their other clients receive more comprehensive investment management services than those provided by the sub-advisory services.

### **Use of Independent Managers**

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As mentioned above, Forefront selects certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* may be set forth in a separate written agreement with the designated *Independent Manager*. In addition to this brochure, clients may also receive the written disclosure documents of the respective *Independent Managers* engaged to manage their assets.

Forefront evaluates a variety of information about *Independent Managers*, which includes the *Independent Managers*' public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers*' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Forefront also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Forefront continues to provide services relative to the discretionary or non-discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers*. Forefront seeks to ensure the *Independent Managers*' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Management of Collective Investment Vehicles**

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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 "accredited investors" as

defined under Rule 501 of the Securities Act of 1933, as amended and, in the case of the Forefront Select Master Fund, L.P., “qualified purchasers” as defined under the Investment Company Act of 1940, as well as are qualified clients pursuant to the requirements under Rule 205-3 under the Investment Advisers Act of 1940.

To the extent certain of Forefront’s 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*”), Fund’s Memorandum of Association and Articles of Association (the “*Articles*”) 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 other 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 Select Master Fund, L.P.*

Forefront’s affiliate, FFSF (GP), LLC, is the general partner and Forefront is the Investment Manager (“Manager”) of the Forefront Select Master Fund, L.P., a master fund created as part of a master-feeder structure established under a Delaware limited partnership on September 5, 2013 to engage primarily in the business of investing and trading in the interests of other private funds. Forefront Select Master Fund, L.P., was originally known as Forefront Select Fund, L.P. and was renamed on September 25, 2015 as part of the reorganization creating the master-feeder structure. There are two feeder funds under this structure: the Forefront Select (Cayman) Fund, LTD., a Cayman Islands exempted company, and Forefront Select (US) Fund, LP, a Delaware limited partnership. 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 primarily among hedge fund and other private fund interests (including shares of affiliated funds) that represent sources of additional risks in an attempt to produce positive returns 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 risks through diversifying the Private Fund’s investments in interests of privately offered funds (possibly including shares of affiliated



funds) and potentially other investments. The Manager uses both a top-down and bottom-up approach that combines qualitative and quantitative analysis to determine strategy and inputs. Examples of qualitative inputs could include position, trade, and strategy, risk outlook comments from underlying managers, market observations and views of the Manager's investment team. Examples of quantitative inputs could include the statistical analysis of historical returns, measured and forecasted sensitivity to various factors or market or economic shocks, scenario analysis, risk factor trend analysis, or the monitoring of strategy variances through time. These strategies and inputs are necessarily imperfect and past returns are not necessarily indicative of future outcomes.

Through these investment strategies, the Manager seeks to take additional risks (potentially avoiding redundant exposures) through different market environments. The Fund's final investment portfolio will be a combination of all the Manager's various investment strategies.

There can be no assurance that the Private Fund will achieve its objective.

### **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 *GKFO* (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.

## 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 177 basis points (1.77%) 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. Where Forefront utilizes a third party UMA Platform Provider all or a portion of Forefront's fee is collected by the UMA Platform Provider.

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 may range from \$75,000 to \$650,000 on a fixed fee basis and/or \$185 to \$1,300 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 Select Master Fund, L.P., receives an annual fee of up to 100 basis points (i.e., 1.00%) of the client's capital account and a Performance Allocation 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.

### **Unified Managed Account Platform**

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For MP Advisors who select Forefront from Unified Managed Accounts Platforms, the third-party platform providers typically charge clients an annual fee that ranges from 10-20 basis points depending on the investment strategy implemented, and an additional 10 basis points for certain clients that need additional tax management services in relationship to their account. There are also certain minimum quarterly fees that range from \$12.50 to \$62.50 for clients whose corresponding annual fees do not reach these quarterly threshold levels. These fees are described in the various Managed Account Agreements.

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

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As further discussed in response to Item 12 (below), Forefront utilizes the brokerage and clearing services of Interactive Brokers LLC (“IB”), TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. (“*TD Ameritrade*”), Pershing Advisor Solutions (“*Pershing*”), Charles Schwab & Co, Inc. through its Schwab Advisor Services division (“*Schwab*”) and National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, “*Fidelity*”) for management of the client accounts and *Private Funds*. In addition, either through certain sub-advisory agreements or direct investment management agreements, Forefront, in the capacity as a separately managed account manager, may be given trading rights where the client or their advisor has chosen such financial institutions and has negotiated various terms including execution and brokerage charges. Currently, Forefront has been given such trading rights through institutions including IB, Pershing, Schwab Advisor Services, and Fidelity Institutional Wealth Services. *Financial Institutions*, include those listed above, but are not so limited and may include 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, fees charged by the *Independent Managers*, 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 and/or certain *Independent Managers* 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*.

### **Minimum Account Requirements**

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Beyond a minimum capital commitment for investments in the *Private Funds*, Forefront does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain *Independent Managers* may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, Forefront may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Methods of Analysis and Investment Strategies

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Forefront generally seeks to recommend portfolios and/or strategies that provide risk-adjusted returns. These recommendations are determined in large part by the specific allocations, exposures, liquidity and other characteristics, 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, clustering and 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 investment managers according to a client's strategy or mandate.

For *Private Funds*, 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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Investing in securities, contracts, or other investments involves the risk of loss. Clients should be prepared to bear such loss. 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 and bonds. There can be no assurance that Forefront will be able to predict those price movements accurately. Some, but not necessarily all, investments include:

#### *Common Stock*

Common stocks are typically listed on U.S. or non-U.S. stock exchanges and represent an ownership interest in a corporation. Common stocks are often subject to greater fluctuations in market value than other asset classes as a result of such factors as a company's business performance, investor perceptions, stock market trends and general economic conditions. Stocks of small and mid-cap companies tend to be more volatile and less liquid than stocks of large companies and are considered riskier. For instance, small and mid-cap companies, as compared to larger companies, may have a shorter history of operations, may not have as great an ability to raise additional capital, may have a less diversified product line making them susceptible to market pressure, and may have a smaller public market for their shares. Stocks listed in certain non-U.S. markets may be even riskier.

#### *Use of Independent Managers*

As stated above, Forefront selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Forefront continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Forefront does not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *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). 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 stated NAV or eventual prices at which the mutual fund's shares transact may therefore differ significantly from the fund's actual NAV during periods of market volatility.

ETFs are typically registered investment companies whose shares represent an interest in a portfolio of securities that track an underlying benchmark or index. (Some ETFs that invest in commodities, currencies or commodity or currency-based instruments are not registered as investment companies.) Unlike traditional mutual funds, shares of ETFs typically trade throughout the day on a securities exchange at prices established by the market. Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. Inverse ETFs (also called "short" funds) seek to deliver the opposite of the performance of the index or benchmark they track. Like traditional ETFs, some leveraged and inverse ETFs track broad indices, some are sector specific and others are linked to commodities, currencies or some other benchmark. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward moving markets. Leveraged inverse ETFs (also known as "ultra short" funds) seek to achieve a return that is a multiple of the inverse performance of the underlying index. An inverse ETF that tracks a particular index, for example, seeks to deliver the inverse of the performance of that index, while a 2x (two times) leveraged inverse ETF seeks to deliver double the opposite of that index's performance. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts and other derivative instruments. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time—over weeks or months or years—can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be

magnified in volatile markets. You should carefully consider the investment objectives, risk and expenses of any ETF prior to investing. Leveraged & Inverse Leveraged ETFs are not suitable for all investors and should be used by sophisticated investors who understand the terms, investment strategy, risks including leverage risk and the consequences of rebalancing. Since ETFs (including Leveraged & Inverse Leveraged ETFs) typically rebalance their portfolios on a daily basis in order to compensate for anticipated changes the performance of the underlying index or benchmark they track, these products may have frequent trading and increased portfolio turnover. As a result, ETFs generally have higher operating expenses and management fees than other funds. Unlike index mutual funds that are redeemable, ETFs (including Leveraged & Inverse Leveraged ETFs) trade like stocks and there may be no market makers to provide liquidity to facilitate trading in an ETF. Not all risks are listed above; you should read the ETF's prospectus before investing in an ETF.

### *Fixed Income Securities*

Fixed income securities include, among other securities: bonds, notes, and debentures issued by U.S. and non-U.S. corporations; debt securities issued or guaranteed by the U.S. Government or one of its agencies or instrumentalities or by a non-U.S. government; municipal securities; and mortgage-backed and asset backed securities and others. These securities may pay fixed, variable, or floating rates of interest and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer, and are general market liquidity (i.e., market risk).

### *American Depositary Receipts*

American Depositary Receipts ("ADRs") are certificates issued by a bank or trust company that are listed on a U.S. exchange and represent ownership of shares of a foreign issuer. There are investment risks associated with ADRs and foreign stocks including, but not limited to, currency exchange-rate, inflationary, and liquidity risks as well as the risk of adverse political, economic and social developments taking place within the underlying issuer's home country. In addition, the underlying issuers of certain ADRs are under no obligation to distribute shareholder communications to ADR holders, or to pass through to them any voting rights with respect to the deposited securities.

### *Derivatives*

Forefront may use derivatives to enhance returns or hedge against market declines. Forefront's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include, without limitation: (i) the risk of default by a counterparty to a derivative contract; (ii) risk of improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate, index or other such benchmark. Derivative prices are highly volatile and may fluctuate substantially during a short period of time. Such prices are influenced by numerous economic and market related



factors, including, but not limited to: changing supply and demand relationships; government programs and policies; national and international political and economic events, changes in interest rates, inflation and deflation and changes in supply and demand relationships. Trading derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities or other asset classes.

#### *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 will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and 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 explaining such risks.

#### *Master Limited Partnerships*

Master Limited Partnerships (“MLPs”) are limited partnerships in which the ownership units are publicly traded. MLPs often own several properties or businesses (or own interests) that are related to oil and gas industries or other natural resources, but they also may finance other projects. To the extent that an MLP’s interests are all in a particular industry, the MLP may be negatively impacted by economic events adversely impacting that industry.

#### *Real Estate Investment Trusts*

Real Estate Investment Trusts (“REITs”) are pooled investment vehicles that own, and usually operate, income-producing real estate. REITs are susceptible to the risks associated with direct ownership of real estate, such as the following: declines in property values; increases in property taxes, operating expenses, rising interest rates or competition overbuilding; zoning changes; and losses from casualty or condemnation. REITs typically incur fees that are separate from those of the Managed Portfolios Program. Accordingly, the investments in REITs will result in the layering of expenses such that you will indirectly bear a proportionate share of the REITs’ operating expenses, in addition to paying Managed Portfolios Program fees.

#### *Use of Margin and Leverage*

To the extent that a client authorizes the use of margin or leverage, and margin or leverage is thereafter employed by Forefront 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 Forefront will not be increased.

While the use of margin borrowing and/or leveraging an account may improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities 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 client's 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. 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.

### *Cybersecurity Risks*

The increasing reliance on internet-based programs and applications to conduct transactions and store data also creates increased security risks. Targeted cyber-attacks, or accidental events, can lead to a breach in computer and data systems and access by unauthorized persons to sensitive transactional or personal information. Data taken in breaches may be used by criminals to commit identity theft, obtain loans or payments under false identities, and other crimes. Cybersecurity breaches at Forefront or its service providers may directly or indirectly affect clients and could lead to theft, data corruption, interference with business operations, disruption of operational systems, interference with Forefront's ability to execute transactions, direct financial loss or reputational damage, or violations of applicable laws related to data and privacy protection and consumer protection.

### *Business, Terrorism, and Catastrophe Risks*

Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, war, terrorism, civil unrest, and other catastrophic events such as the COVID-19 pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on Forefront's business and clients' portfolios including investments made by Forefront.

### *Proposed Regulatory Changes*

The regulatory environment for private funds and other financial entities is evolving. Changes in law or regulations may adversely affect the value of instruments held (directly or indirectly) by a fund, may affect the ability of such fund to pursue its investment strategies, or may restrict or prevent Forefront from continuing to perform services for such fund in the manner currently contemplated. The SEC, as well as other regulators, self-regulatory organizations, and exchanges, have taken various extraordinary actions and may take additional actions in the

future. For example, on February 9, 2022, the SEC proposed rules for certain private fund advisers under the Advisers Act, including new (i) prohibitions on certain conflicted activities (including the charging of certain fees and expenses), (ii) prohibitions on preferential treatment relating to investment information and increased transparency on certain types of preferential treatment, (iii) requirements to issue quarterly statements to investors on performance, fees and expenses, and adviser and related person compensation, (iv) enhanced annual audit requirements, and (v) requirements relating to adviser-led secondary transactions. If adopted, these rules would prohibit private fund adviser activities that had previously been addressed through disclosure and significantly expand the information disclosed to Investors and the SEC. The effect of any future regulatory changes on Forefront, any fund, and/or any investor, could be substantial and result in material amendments to the terms of the *Offering Documents*.

#### *Alternative Data*

Forefront considers various research, including alternative data sources, in managing its investment strategies. Certain research services are provided by third-parties or through an independent contractor. Alternative data is generally understood to refer to publicly available data that is published by sources outside of the issuer or a trading venue that is used to draw insights about a particular issuer, industry or macroeconomic event. Sources of alternative data may include, but are not limited to, financial transactions, mobile devices, social media, public records and the internet. Some alternative data providers will use an algorithmic code that captures, aggregates and synthesizes information that is pulled from various internet-based data, including user review sites and social media platforms. These methodologies are sometimes referred to as “scraping” or “spidering.” Forefront has taken protective measures to ensure that any alternative data research services operate in compliance with applicable law. Although the Forefront will generally evaluate alternative data provided by the independent contractor and, when Forefront deems appropriate, seek independent corroboration, Forefront is not in a position to confirm the completeness, genuineness or accuracy of all such information and data, and in some cases, complete and accurate data and information is not available. As a result, if Forefront forms incorrect conclusions based on its review of the information or data it is evaluating or if such information or data is inaccurate or otherwise not reliable, investments may not perform as expected and the strategies may suffer a loss, including the cost of procuring such information or data. In addition, to the extent that Forefront inadvertently obtains material non-public information through its use of alternative data, Forefront may be prohibited from engaging in transactions while in possession of that information, which could result in lost opportunities and reduced investment performance.

## **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 an affiliated SEC registered investment adviser, GKFO, LLC (“GKFO”). Forefront’s Principal and certain *Supervised Persons* also serve in the same or similar capacities for GKFO. Forefront and GKFO share the same principal place of business. Under certain circumstances, Forefront may recommend, on a fully disclosed basis, the services of GKFO and vice versa.

A conflict of interest exists to the extent that Forefront or its *Supervised Persons* recommend the services of GKFO and Forefront’s Principal or *Supervised Persons* receive a portion of the investment advisory fees or other additional compensation by virtue of their position therewith. In this context, Forefront’s investment process is structured to provide recommendations that are made in its clients’ best interest.

Forefront owns a 30% interest in an affiliated SEC registered investment adviser which serves institutional investors, StoneRidge Investment Partners, LLC (“SRIP”). The ownership arrangement between Forefront and SRIP entitles Forefront to three out of ten board seats. Forefront is also under an investment management agreement with SRIP to provide advisory services in a non-discretionary capacity. Dr. Geczy serves as Co-CIO of SRIP and leads a team of Forefront staff members serving SRIP. Forefront has contractually agreed to provide SRIP with non-discretionary investment advisory services in exchange for a fee based, in part, on the level of assets of SRIP’s clients for which the advice is made available. A conflict of interest exists to the extent that Forefront or its Supervised Persons or employees recommend the services of SRIP and Forefront receives a portion of the investment advisory fees or other additional compensation or benefit by virtue of its position with SRIP.

Forefront does not provide continuous and regular supervisory or management services to SRIP. In this non-discretionary arrangement, Forefront does not determine the timing or manner of execution with respect to the securities or investments related to such non-discretionary investment advice and does not execute purchases or sales on behalf of the client accounts of SRIP. Neither Forefront nor any of the employees of Forefront working with SRIP have discretionary control over the investments made. Forefront cannot monitor, or control trades SRIP does in real time, and it cannot prevent or control whether SRIP incorporates position-level advice or constraints indicated as part of the services Forefront provides.

### Other Outside Activities

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Forefront’s Principal, Dr. Geczy, as well as certain other officers and employees of Forefront or its affiliates, in certain cases, can engage in outside consulting and other activities related or unrelated to the investment management industry and business with respect to securities. For example, in some cases, they can provide consulting services or products to other investment advisers, managers of alternative investments, or others. Under certain restrictions and governance, they will act as investment adviser or

investment manager for others, make and maintain investments in their own names or through other entities, or serve as consultant, officer, director, partner or stockholder of one or more investment funds, partnerships, securities firms, advisory firms or other entities. They will also provide litigation consulting or expert witness services relating to disputes involving investment management services, alternative investments and other areas. In some cases, they can 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 give rise to a conflict of interest if Forefront or an affiliate were to recommend 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 or with respect to conflicts of time or resources. From time to time, Dr. Geczy or other Forefront employees can come into possession of material, non-public information concerning clients resulting from outside activities or activities related to its business. It is possible that its investment flexibility may be constrained as a consequence of its inability to use such information for investment purposes. Forefront has policies and procedures in place that are intended to prevent the misuse of material nonpublic information by Forefront personnel. It is the policy of Forefront to at all times put the interests of its clients 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.

In addition, Forefront's Principal, Dr. Geczy, is part of an investor group that includes clients of both Forefront and its affiliate, GKFO, among others, which has invested in Somatix, Inc. Dr. Geczy has been elected by the investor group to serve on the board of Somatix, Inc. Dr. Geczy also currently serves as a member of the Intel Corporation's US Retirement Plans' Investment Policy Committee.

Via a passive investment, GKFO's affiliate, Forefront Analytics has a minority interest in another registered investment adviser, AlphaClone, Inc. ("AlphaClone"). AlphaClone provides the AlphaClone Hedge Fund Masters Index, which is an index provider to Exchange Traded Concepts, the adviser to AlphaClone's AlphaClone Alternative Alpha ETF ("ALFA"). AlphaClone also manages a separately managed account strategy related to the strategy of ALFA. Although the practice is uncommon, to the extent GKFO recommends ALFA or AlphaClone SMA's to any GKFO client, the recommendation could result in additional revenue being paid indirectly to GKFO via Forefront's minority interest in AlphaClone. Accordingly, when GKFO makes determinations as to the investments included in its client portfolios, GKFO would have an incentive to recommend ALFA or AlphaClone strategies. GKFO will take into account this conflict of interest when making any such model determinations, consistent with its obligation to act in the best interests of its clients.

With respect to Forefront's Tiresias Healthcare Strategy, Forefront engages the services of an outside consultant, Dr. Charles Herman. Dr. Herman is a graduate of the Wharton MBA program, and analyzes candidate investments, collaborate on the development of the factor model and underlying ideas behind the strategy, and provide feedback on the strategy, including on its performance, design, implementation, and operations. While serving Forefront in his capacity as a portfolio adviser, Dr. Herman's principal business activities remain predominantly in the medical field. Dr. Herman currently acts as a surgeon at the Lehigh Valley Hospital and he also serves as the Chief Executive Officer of Somatix, Inc and is a Venture Partner in Digitalis Ventures.

As a result of varying outside activities at any given time, Forefront's Principal, Dr. Geczy, as well as other officers, employees and advisers, may have limited capacity and resources, particularly under certain

market conditions, that could limit their ability to provide services to Forefront's clients given the variable amount of demand derived from such outside activities. In addition, the amount of assets managed or overseen by Forefront's Principal, Dr. Geczy, as well as other officers and employees, as a result of their varying outside activities may present potential conflicts of interest relating to Forefront's activities involving its affiliates, the allocation of personnel or other resources among clients, trade allocations and other matters.

### **Other Principal Business**

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The firm's Principal, Dr. Geczy, serves as Adjunct Professor of Finance at The Wharton School, University of Pennsylvania and as the Academic Director of the Wharton Wealth Management Initiative and the Jacobs Levy Equity Management Center for Quantitative Financial Research. Dr. Geczy devotes at least sixty percent (60%) of his time to his academic responsibilities as full-time employment.

### **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.

### **Conflicts of Interest**

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Forefront may take an investment position or action for one or more clients that may be different from, inconsistent with, or even the exact opposite of, an action or position taken for one or more other clients having similar or differing investment objectives. These different investment objectives may cause Forefront to recommend an investment approach or specific positions to one client but not to others. For example, Forefront may buy or recommend the purchase of securities on behalf of one client while simultaneously selling or recommending the sale of the same securities on behalf of another client. Alternatively, Forefront may take or recommend a short position in a security on behalf of one client while maintaining or recommending a long position in that same security on behalf of another client. It may not always be possible or consistent with the investment objectives of the various clients for the same investment positions to be taken or liquidated at the same time or at the same price, although, pursuant to the Forefront's allocation policies and procedures, allocations of purchases and sales of securities will, to the extent possible, generally be made pro rata or on an otherwise fair and equitable basis among all accounts managed by Forefront.

Certain conflicts may exist with respect to Forefront's investment advice to several different types of clients. Forefront may have an incentive to allocate trades, time or resources to certain clients, including those clients who pay higher investment management fees or that pay incentive fees or allocations, over other clients. These conflicts may be heightened with respect to eligible performance fees under certain

circumstances as part of compensation. To mitigate these conflicts, Forefront's policies and procedures seek to ensure that all clients are treated fairly and equitably over time without consideration of Forefront's pecuniary, investment or other financial interests. In general, discretionary and non-discretionary clients of Forefront may hold the same or similar investments. Where Forefront is given authority to execute transactions on behalf of a non-discretionary client, there may be timing differences related to the provision of advice to a non-discretionary client for consideration and that client's determination of whether or not to act on the advice. As a result, trades may be executed for discretionary clients in advance of executions for non-discretionary clients, potentially disadvantaging the non-discretionary clients. Non-discretionary clients may not be able to participate in aggregated transactions due to such timing. As a result, such non-discretionary clients may not be able to benefit from the most favorable price for a particular investment or may not be able to participate in certain investment opportunities.

Dr. Geczy engages in certain business activities outside of his duties and responsibilities at Forefront, including a business that conducts alternative data research services, Photon Insights, Inc. Photon Insights, Inc., which is operated by Dr. Geczy. Dr. Geczy will have financial services companies as customers. Forefront has established policies designed to address the sharing of information between Forefront and Photon Insights. No client-specific information of Forefront will be used in connection with such outside business activities. To the extent that Forefront is a customer of an outside business operated by Dr. Geczy, Forefront will either pay no fee or an arm's-length fee for these services to ensure that Forefront clients will not bear additional fees or expense resulting from the use of these related research providers. In addition, Dr. Geczy, and another employee at Forefront serve on the board of Photon Insights, Inc. It is possible that Dr. Geczy's work in connection with these outside business activities will reduce his availability and capacity to provide services to Forefront and its customers.





## 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. *Access Persons* can purchase or sell securities at the same time as clients through a batch trade executed by Forefront.

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 the *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, *IB, TD Ameritrade, Pershing, Fidelity, and Schwab*. However, it may use similar services of other *Financial Institutions* either through certain sub-advisory agreements or direct investment management agreements.

Forefront participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. Forefront receives some benefits from TD Ameritrade through its participation in the program.

Factors which Forefront considers in utilizing *IB, TD Ameritrade, Pershing, Schwab, Fidelity*, or any other broker-dealer, include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by *IB* and/or *TD Ameritrade* 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.

The client or the client's advisor may direct Forefront in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Forefront will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Forefront (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Forefront may decline a client's request to direct brokerage if, in

Forefront's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Forefront decides to purchase or sell the same securities for several clients at approximately the same time. Forefront may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Forefront's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently.

Under this procedure, transactions will generally be averaged as to price and allocated among Forefront's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Forefront determines to aggregate client orders for the purchase or sale of securities, including securities in which Forefront's Supervised Persons may invest, Forefront generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Forefront does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Forefront determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Forefront may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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.

Additionally, the firm may receive the following benefits from *IB, TD Ameritrade, Pershing, Schwab, and Fidelity*:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services the broker-dealer's registered investment advisers or other institutional participants;
- Access to block trading which provide the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

There is no direct link between Forefront's participation in TD Ameritrade's institutional customer program and the investment advice it gives to its clients, although Forefront receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, Forefront may receive the following benefits from TD Ameritrade through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. The Firm also has the ability deduct advisory fees directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Firm by third party vendors. TD Ameritrade may fund business consulting and professional services received by Forefront's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit Forefront but not its client. These products or services may assist Forefront in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made

available by TD Ameritrade are intended to help Forefront manage and further develop its business enterprise. The benefits received by Forefront's participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at *Financial Institutions*. *Financial Institution's* services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, *Financial Institutions* generally do not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through *Financial Institutions* or that settle into *Financial Institutions'* accounts.

*Financial Institutions* also make available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by *Financial Institutions*. Other potential benefits may include occasional business entertainment of personnel of Forefront by *Financial Institutions* personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Forefront in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at *Financial Institutions*. *Financial Institutions* also make available to Forefront other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, *Financial Institutions* may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. *Financial Institutions* may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, Forefront endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at *Financial Institutions* may be based in part on the benefits received and not solely on the nature, cost or

received and not solely on the nature, cost or quality of custody and brokerage services provided by *Financial Institutions*, which creates a potential conflict of interest.

## 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 while regular account reviews are conducted not less than annually. 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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Where appropriate, 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

### Client Referrals

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In the event a client is introduced to Forefront by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, 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 the Firm by an unaffiliated solicitor, the client will receive a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Forefront is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

### Other Compensation

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Forefront receives economic benefits from *Financial Institutions*. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12 .

## 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 that 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 Select Master Fund, L.P., the firm seeks to send the audited financials to each investor within 180 days of the fund's fiscal year-end. 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 not have custody over clients' cash, bank accounts or securities for reasons other than those discussed above). As such, the firm is not required to engage an independent accounting firm to perform a surprise annual examination.

### Standing Letters of Authorization

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Forefront, or persons associated with Forefront, may affect money transfers from a client's account to one or more third-parties designated by the client without obtaining consent for each individual transaction, so long as we have a written authorization from the client. This authorization is commonly referred to as a Standing Letter of Authorization ("SLOA").

An adviser with the authority to conduct such transfers is deemed to have custody over the client's assets in the related accounts. However, Forefront is not required to undergo a surprise annual audit, which is otherwise necessary for custody, if we meet the following conditions: Forefront, or persons associated with Forefront, may affect money transfers from a client's account to one or more third-parties designated by the client without obtaining consent for each individual transaction, if we have a written authorization from the client. This authorization is commonly referred to as a Standing Letter of Authorization ("SLOA"). An adviser with the authority to conduct such transfers is deemed to have custody over the client's assets in the related accounts. However, Forefront is not required to undergo a surprise annual audit, which is otherwise necessary for custody, if we meet the following conditions:

- You provide written instructions signed by you, including the name, address or account number of the third party, to the qualified custodian.
- You authorize us in writing to direct transfers to the third party either on a specific schedule or from time to time.
- Your qualified custodian confirms your authorization (e.g., by reviewing the signature) and notifies you promptly after each transfer.
- You can terminate or change the instruction.
- We have no authority or ability to change the identity of the third party, the address, or any other information about the third party.
- We maintain records showing that the third party is not related to us and is not located at the same address as us.
- Your qualified custodian sends you an initial notice confirming the instruction and an annual notice reconfirming the instruction, both in writing.

Forefront meets all of the above criteria.



## 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 affect 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, including but not limited to:

- 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.

