



FINANCIAL FORUM  
WEALTH MANAGEMENT

Form ADV Part 2A – Appendix 1, Wrap Fee Program Brochure

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**Item 1 – Cover Page**

FINANCIAL FORUM, INC.

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509-458-5373

March 28, 2023

[www.financialforum.io](http://www.financialforum.io)

This Wrap Fee Brochure provides information about the qualifications and business practices of Financial Forum, Inc. If you have any questions about the contents of this Brochure, please contact us at 509-458-5373 or [info@financialforum.biz](mailto:info@financialforum.biz). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Financial Forum, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Financial Forum, Inc. is # 307740.



## Item 2 – Material Changes

This brochure has been updated from our March 7, 2022, although we have no material changes to report.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. A Summary of Material Changes is also included with our Brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Financial Forum, Inc. is # 307740. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Jeff Comstock, Chief Compliance Officer of Financial Forum, Inc. at 509-458-5373 or [info@financialforum.biz](mailto:info@financialforum.biz). Our Brochure is provided free of charge.

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#### Item 4 – Services, Fees and Compensation

- A** Financial Forum, Inc. (“Financial Forum” “we” or “us”) is a registered investment advisor located in Spokane, Washington and registered with the SEC since March 2020. Financial Forum is owned by Jeff Comstock and Landy Comstock.

Under this Wrap Fee Program, Financial Forum serves individuals and businesses in all areas of investment management (which includes buying and selling of investments) and financial planning, including asset management, investment consulting, education funding, risk management, tax management, retirement planning, estate planning services, and employee and executive benefits. While we do not provide tax or legal advice, we provide a full range of services coupled in coordination with other advisors such as attorneys and Certified Public Accountants.

Under this Wrap Fee Program, Financial Forum charges Clients annual fees for investment advisory services as follows:

Advisory Fee	Assets Managed
1.25%	on the first \$500,000, plus
1.00%	on the next \$2,500,000, plus
0.85%	on the next \$2,000,000, plus
0.70%	on amounts over \$5,000,000

Fees are generally not negotiable. For Clients in the Wrap Fee Program, the Advisory Fee noted on their Advisory Agreement covers typical commissions charged by the custodian hold the Client accounts.

- B** In determining whether to establish an account under our Wrap Fee Program, you should be aware that the overall cost to you of the program may be higher or lower than you might incur by purchasing separately, or unbundled, the types of securities available in the program. In order to compare the cost of the program with unbundled services, you should consider the turnover rate in our investment strategies, trading activity in the account and standard advisory fees and brokerage commissions that would be charged at our custodian, or at other broker-dealers and investment advisors.

Depending upon the percentage wrap fee charged by our firm (as described more fully above), the amount of portfolio activity in your account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if we were to negotiate transaction fees and seek best price and execution of transactions for your individual account. In as much as the execution costs for transactions effected in your account will be paid by our firm, a conflict of interest arises in that we may have a disincentive to trade securities in your account.

- C** Clients that are enrolled in the Wrap Fee Program will still be required to pay certain fees including: (1) The Client’s proportionate share of any internal mutual fund’s fees and charges; (2) The Client’s proportionate share of internal fees and expenses of exchange-traded funds such as fees and expenses for investment advisory services, administration, and other fund-level expenses; (3) Client charges imposed by the Client’s current custodian (e.g., a transfer or termination fee) before the assets are transferred to Financial Forum; (4) Client charges imposed by Financial Forum’s custodian (e.g., a transfer or termination fee) before the assets are transferred from Financial Forum; (5) Client charges necessary to liquidate incoming positions into our recommended portfolio.
- D** Financial Forum and its investment advisor representatives receive compensation because of your participation in the Wrap Fee Program. This compensation may be more than the amount Financial Forum and its investment advisor representatives would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because Financial Forum and its investment advisor representatives have a financial incentive to recommend the program.



#### Item 5 – Account Requirements and Types of Clients

Financial Forum provides investment advice to individuals, high net worth individuals, businesses, and not for profit organizations. Because each Client is unique, they must be willing to be involved in the planning and ongoing processes. Such involvement does not have to be time consuming, however we want our Clients to remain informed and have a sense of security about their investments. Financial Forum has no asset minimum.

#### Item 6 – Portfolio Manager Selection and Evaluation

- A** Investment advisor representatives of Financial Forum may act as the portfolio manager under a Wrap Fee Program account. In circumstances where Financial Forum recommends separate account managers, we consider several factors including account size, risk tolerance, the opinion of each Client and the investment philosophy of the selected registered investment advisor. The recommendation of the initial portfolio manager and or the replacement of the portfolio manager will be based on a number of factors including Client service, portfolio performance, customer satisfaction and other similar factors. The Chief Compliance Officer or other firm manager may conduct periodic portfolio performance evaluations where the performance of the portfolio being evaluated may be compared to other similarly managed accounts. Each portfolio evaluated may be evaluated based on its particular circumstances. Therefore, the portfolio performance evaluations of accounts may not be conducted on a uniform or consistent basis.
- B** Investment advisor representatives of Financial Forum may act as the portfolio manager under a Wrap Fee Program account. Financial Forum and its investment advisor representatives receive compensation as a result of your participation in the program. This compensation may be more than the amount Financial Forum and its investment advisor representatives would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because Financial Forum and its investment advisor representatives have a financial incentive to recommend the program. Related persons are subject to the same selection criteria as outside portfolio managers.
- C** **Advisory Business.**
- Information regarding types of advisory services offered, how advisory services are tailored to individual needs of Clients, and differences between the wrap fee program and separately managed accounts can be found in Item 4 above.

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

Financial Forum does not charge any performance-based fees for its services and does not provide side-by-side management.

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

Financial Forum's investment philosophy is based on Modern Portfolio Theory, which refers to the process of attempting to reduce risk in a portfolio through systematic diversification across asset classes, including but not limited to common stocks, corporate bonds, government bonds, commodities, and real estate investment trusts. We consider ourselves global investment managers and attempt to add additional diversification by including non-U.S. investments to clients' portfolios. We emphasize the analysis of mutual funds, exchange-traded funds, and separately managed accounts (SMA's) in our selection of the investments that comprise our clients' portfolios.

Representatives may use additional methods of analysis to manage the accounts of their clients. Following are typical methods of analysis that representatives may use; however, clients should inquire of their specific representative the particular method the representative intends to use in managing the client's account:



### **Fundamental Analysis**

Fundamental analysis uses publicly available data in the evaluation of a security's value. Although most analysts use fundamental analysis to value common stocks, this method of valuation can be used for just about any type of security. For example, an investor can perform fundamental analysis on a bond's value by looking at economic factors such as interest rates and the overall state of the economy. He can also look at information about the bond issuer, such as potential changes in credit ratings.

For stocks and equity instruments, this method uses revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth. In terms of common stocks, fundamental analysis focuses on the financial statements of the company being evaluated.

Fundamental analysts study anything that can affect a security's value including macroeconomic factors such as the overall economy and industry conditions, and microeconomic factors such as financial conditions and company management. The end goal of fundamental analysis is to produce a quantitative value that an investor can compare with a security's current price, thus indicating whether the security is undervalued or overvalued.

### **Technical Analysis**

Technical analysis is used to attempt to forecast the price movement of virtually any tradable instrument that is generally subject to forces of supply and demand, including common stocks, bonds, futures and currency pairs. In fact, technical analysis can be viewed as simply the study of supply and demand forces as reflected in the market price movements of a security. It is most commonly applied to price changes, but some analysts may additionally track numbers other than just price, such as trading volume or open interest figures.

Over the years, numerous technical indicators have been developed by analysts in attempts to accurately forecast future price movements. Some indicators are focused primarily on identifying the current market trend, including support and resistance areas, while others are focused on determining the strength of a trend and the likelihood of its continuation. Commonly used technical indicators include trend-lines and multiple moving averages, such as the 50-day moving average and the 200-day moving average.

### **Economic (Cyclical) Analysis**

Economic analysis takes into consideration economic cycles in order to predict how various sectors of the market and a market index will perform. Stocks in consumer staples such as food and household products may be appropriate in one cycle while in a period of recovery consumer discretionary stocks may become more attractive. The expectation of rising or falling interest rates during economic cycles can also affect risk premiums. This type of analysis is useful over longer periods of time for portfolio planning and allocation but does not generally provide a basis for day-to-day investment management.

### **Mutual Fund and ETF Analysis**

In analyzing mutual funds and ETFs, we heavily scrutinize the experience and track record of the portfolio managers to determine if they have demonstrated the ability to invest successfully in varying economic conditions. We continuously monitor the funds in an attempt to determine if they are deviating from their stated investment strategies. We also evaluate the fees of each fund to ensure they are reasonable for the asset class we are investing in. A risk of our mutual fund and ETF analysis is that, as in all investments, past performance does not guarantee future results. A manager who has been successful in the past may not be able to replicate that success in the future. In addition, managers of different mutual funds and ETFs may purchase the same security in a client's portfolio, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the fund less suitable for the client's portfolio. We specifically rely on Morningstar for our mutual fund and ETF analytical data.



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### Investment Strategies & Risks

We reserve the right to employ several investment strategies in pursuit of the investment objectives for client portfolios, including long-term investments (investments expected to be held for more than a year) and short-term investments (investments expected to be held for less than a year). In general, clients should expect that our strategies will emphasize long-term investments in common stocks, bonds, mutual funds, and ETF's. Portfolio composition and allocation at any given time will vary based on our assessment of current market conditions and the relative risk and reward of investments.

### Additional Risks

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

We use our best judgment and good faith efforts in rendering services to Client. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment recommendation we make will be profitable. Investing in securities involves risk of loss that Clients should be prepared to bear. Clients assume all market risk involved in the investment of account assets. Investments are subject to various market, currency, economic, political, and business risks.

Except as may otherwise be provided by law, we are not liable to Clients for: (1) any loss that Clients may suffer by reason of any investment recommendation we made with that degree of care, skill, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; or (2) any independent act or failure to act by a custodian of Client accounts.



It is the responsibility of the Client to give us complete information and to notify us of any changes in financial circumstances or goals.

**Voting Client Securities.**

Without exception, Financial Forum does not vote proxies on behalf of Clients. Additionally, Financial Forum will not provide advice to Clients on how the Client should vote.

Financial Forum does not have authority to vote Client securities unless authorized by the Client. Most Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a Client, they will be sent directly to the Client or a designated representative of the Client, who is responsible to vote the proxy.

**Item 7 – Client Information Provided to Portfolio Managers**

Once the Client selects an investment advisor representative and an advisory relationship is initiated, the investment advisor representative will obtain information from the Client on the Client's financial background, prior investment experience, investment objectives, goals and restrictions, if any, and risk tolerance, among other things. This information is shared with any separate account manager selected by the Client.

**Item 8 – Client Contact with Portfolio Managers**

Financial Forum does not place any restrictions on its Client's ability to contact and consult with their portfolio managers.

**Item 9 – Additional Information**

**A Disciplinary Information.**

Financial Forum is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No such disclosable event exists.

**Other Financial Industry Activities and Affiliations.**

Certain investment advisor representatives of Financial Forum are also licensed to sell insurance in one or more states, either through a licensed general insurance agency or as direct agent representative of a specific insurance company. Insurance related business is transacted with advisory Clients and individuals may receive commissions from insurance products sold to Clients. Clients are advised that the fees paid to Financial Forum for investment advisory services are separate and distinct from the commissions earned by any individual for selling Clients other insurance products. If requested by a Client, we will disclose the amount of commission expected to be paid.

The receipt of commissions by an individual associated with the firm presents a conflict of interest. As fiduciaries we must act primarily for the benefit of investment advisory Clients. As such, we will only transact insurance related business with Clients when fully disclosed, suitable, and appropriate. Further, we must determine in good faith that any commissions paid to our representatives are appropriate. Clients are informed that they are under no obligation to use any individual associated with Financial Forum for insurance products or services. Clients may use any insurance firm or agent they choose.

**B Code of Ethics, Participation or interest in Client transactions and personal trading.**

Financial Forum has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.



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Financial Forum or individuals associated with our firm may buy and sell some of the same securities for their own account that Financial Forum buys and sells for its Clients. When appropriate, we will purchase or sell securities for Clients before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account. In some cases, Financial Forum or representatives may buy or sell securities for their own account for reasons not related to the strategies adopted for our Clients. Our employees are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for Clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with decisions made in the best interest of advisory Clients while at the same time, allowing employees to invest their own accounts.

Financial Forum will disclose to advisory Clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of Financial Forum shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public on reasonable inquiry. No person of Financial Forum shall prefer his or her own interest to that of the advisory Client.
2. Financial Forum maintains a list of all securities holdings for itself and for anyone associated with its advisory practice that has access to advisory recommendations. An appropriate officer of Financial Forum reviews these holdings on a regular basis.
3. Any individual not in observance of the above may be subject to termination.

**Review of Accounts.**

Accounts are reviewed by the CCO who is responsible for overseeing all investment advisory activities for the firm. The frequency of reviews is determined based on the Client's investment objectives. Accounts are generally reviewed quarterly, but in any event, no less than annually.

More frequent reviews may be triggered by a change in Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in the economic climate.

Investment advisory Clients receive standard account statements from the custodian of their accounts on a monthly basis. Financial Forum also provides Clients with a written report summarizing the account activity generally quarterly, but in any event, no less than annually.

**Client Referrals and Other Compensation.**

Financial Forum has no arrangements, written or oral, in which we are compensated for referrals.

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

We also participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. While there is no direct link between our participation in the Program and the investment advice provided to Clients, we do receive economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools;





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consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted 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 us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Financial Forum or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Financial Forum endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Financial Forum or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Financial Forum also receives from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include services provided by Black Diamond, which provides client portfolio management software. TD Ameritrade provides the Additional Services to Financial Forum in its sole discretion and at its own expense, and Financial Forum does not pay any fees to TD Ameritrade for the Additional Services. Financial Forum and TD Ameritrade have entered into a separate agreement (the “Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

Financial Forum’s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Financial Forum, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Financial Forum’s Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Financial Forum, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Financial Forum may have an incentive to recommend to its Clients that the assets under management by Financial Forum be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Financial Forum’s receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

**Financial Information.**

Financial Forum does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. Financial Forum does have discretionary authority over Client funds or securities, but we have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to Clients. Neither Financial Forum, nor any of the principals, have been the subject of a bankruptcy petition at any time in the past.