

Investment Model Process

The Sector Focus Investment Models are separate investment strategies, representing different investment themes. The Sector Focus method utilizes proprietary signals to identify potentially favorable and unfavorable conditions for various sectors of the market, in order to take advantage of the favorable sectors while avoiding the unfavorable.

The Buy and Sell signals are initiated on a sector specific basis, and are calculated by our proprietary combination of Price Analysis, Volume Analysis, and Momentum Analysis signals. Sectors with a "Sell" signal are avoided, while those with "Buy" signals are utilized.

When our research indicates it may be an environment favorable for taking on "Higher Risk", the sectors with "Long" ratings are equally weighted. When conditions are deteriorating, but still favorable, the weightings of the individual sectors will be capped, as to minimize over exposure, as well as raise a cash position. When our research indicates it may be an environment for taking on "Lower Risk", the portfolio will hold a 100% Cash, or cash equivalents position.

This process seeks to minimize losses in adverse market conditions, while attempting to match upside performance.

Investment Portfolios

The Sector Focus Investment Portfolios are strategic blends of the tactical investment models. These portfolios are designed to manage various risk objectives in order to meet stated investment objectives.

Investment Theme



Security Universe



Proprietary "Buy" and "Sell" Signals



Security Selection/Rotation



Sell Discipline

Sector Focus Investment Models

U.S. Equity

International
Developed

Emerging Markets

Alternative
Investments

Fixed Income

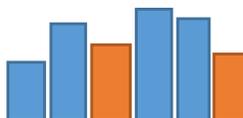
Sector Focus Investment Models

What Determines a "Long Rating?"

A "Long Rating" means that we are seeing favorable conditions for a particular sector. These ratings are determined by our proprietary use of technical indicators that center around Price conditions, Volume analysis, and Momentum trends.



Price



Volume



Momentum

Sector Focus U.S. Equity

The U.S. Equity model utilizes an investment universe made up of the nine major sectors of the equity markets. The sectors with "Long" ratings are equally weighted, unless conditions indicating a need to take on "Lower Risk." The Sector Focus U.S. Equity Model is the base model that the Investment Portfolios are built upon, and it is the default option for the other equity-based models, when those models are indicating "Lower Risk."

Energy	Consumer Goods	Financials
Healthcare	Industrials	Materials
Telecomm.	Technology	Utilities

Sector Focus International Developed

The International Developed Model utilizes ten of the largest, most developed international countries. Similar allocation rules apply as do with the U.S. Equity Model, although the U.S. Equity Model is added as an investment option, which is defaulted to when there is no allocation being made to any of the specific countries. This allows for the same sell discipline, and ability to be 100% in cash, to be enjoyed by this model as well.

Japan	United Kingdom	Switzerland
France	Germany	Australia
Spain	Netherlands	Sweden
Hong Kong	U.S. Equity Model	

Sector Focus Investment Models

Sector Focus Emerging Markets

The Emerging Markets Model takes a broad allocation to Emerging Markets, rather than individual countries. This approach recognizes the added volatility present in emerging markets, and seeks to minimize that volatility. The U.S. Equity Model is again the default option when there is no "Long" position in the Emerging Markets

Emerging Markets

U.S. Equity Model

Sector Focus Alternative Investments

Alternative Investments can play an important part in attaining uncorrelated positions within a portfolio. The Alternative Model contains three major alternative sectors and as well as the international models, it uses the Sector Focus U.S. Equity as the default option during adverse conditions in the alternative space.

Gold

Silver

Real Estate

U.S. Equity Model

Sector Focus Fixed Income

The Fixed Income Model has an investment universe made up of four of the major fixed income sectors. It differs from the other models, in that it does not use the Sector Focus U.S. Equity Model as the default option, but rather utilizes a cash position.

Corporate Bonds

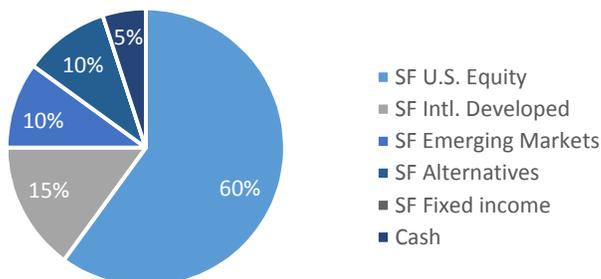
Mortgage-Backed
Bonds

Preferred Stocks

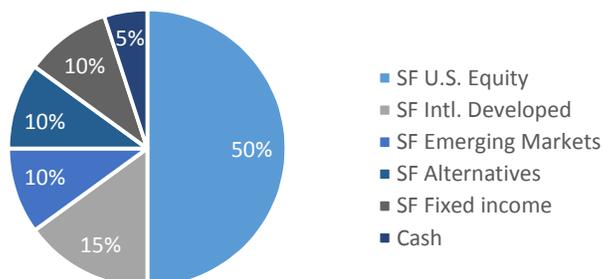
High Yield Bonds

Cash

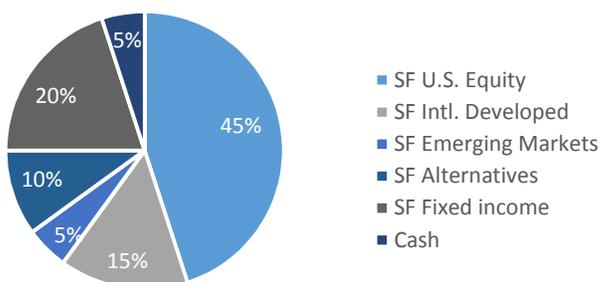
All-Equity Portfolio



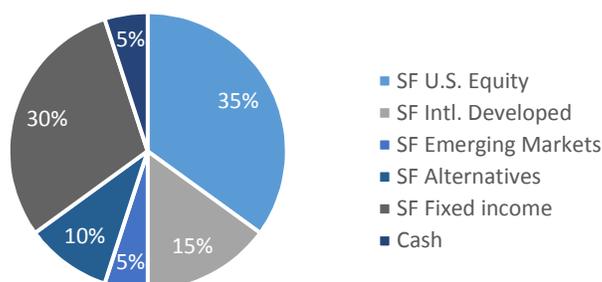
Aggressive Portfolio



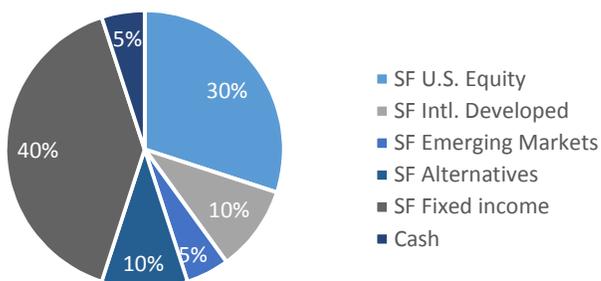
Growth Portfolio



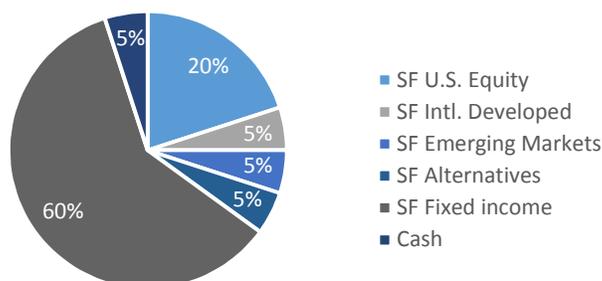
Growth with Income Portfolio



Income with Growth Portfolio



Capital Preservation Portfolio



Please see disclosures on following page.

These are hypothetical samples of Forum Wealth Management and not representative of any specific investment or investor account. Your results may vary.

No strategy assures success or protects against loss. Tactical allocation may involve more frequent buying and selling of assets and will tend to generate higher transaction cost. Investors should consider the tax consequences of moving positions more frequently.

Stock investing involves risk including loss of principal.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

Alternative investments may not be suitable for all investors and involve special risks such as leveraging the investment, potential adverse market forces, regulatory changes and potentially illiquidity. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

The fast price swings in commodities and currencies will result in significant volatility in an investor's holdings.

Investing in Real Estate Investment Trusts (REITs) involves special risks such as potential illiquidity and may not be suitable for all investors. There is no assurance that the investment objectives of this program will be attained.

