



PART 2A of FORM ADV

FIRM BROCHURE

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**Main Street Advisors, Inc.
An SEC Registered Investment Adviser**

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This brochure provides information about the qualifications and business practices of Main Street Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at the above number or by email at chris@mainstreetadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Registration with the SEC does not imply any endorsement, approval, or level of skill or training.

Additional information about Main Street Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.



Material Changes

This brochure's format has changed from a "check-the-box" format to a narrative format to comply with amendments to Form ADV adopted by the SEC within the last year. There have been no material changes to the form relative to the "check-the-box" format.



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Advisory Business

Main Street Advisors, Inc. (“MSA”) was formed in January 1997 as a California corporation and a registered investment adviser with the United States Securities and Exchange Commission (the “SEC”). MSA is owned by its principals, Paul Wachter, Chief Executive Officer, and Christopher Fillo, Executive Vice President. MSA’s primary business is to provide clients with investment advice covering a wide variety of asset classes, including publicly traded equities, hedge funds, private equity, fixed income and other asset classes.

MSA recommends third-party managed funds and accounts and in doing so builds a diversified portfolio of underlying investments for our clients. We invest in equity funds that invest both “long” and “short”, meaning that the portfolios have holdings that will move in the opposite direction of market’s overall movement or holdings that the fund managers believe will decline in price, from which the funds will profit. These strategies serve to hedge or balance the inherent volatility in markets. Our portfolios have meaningful exposure to investments outside of the United States. We also recommend investments in funds that invest in bonds and other debt related investments.

As a complement to the core portfolios, MSA also recommends investment in private equity and other less liquid asset classes, including selective real estate partnerships. These investments are intended to add diversification to client portfolios and provide additional long-term incremental gains.

For both discretionary and non-discretionary relationships, we consider specific preferences and objectives of our clients. For example, certain funds that may be more volatile than others might have different weightings across client portfolios, depending on the client’s needs and preferences. Or, for example, the illiquidity of certain private equity investments may not be appropriate for all clients. With respect to non-discretionary relationships, each client may decline to invest in a recommendation. With respect to discretionary accounts, clients have guidelines and other provisions to ensure our portfolios meet their needs and objectives. As of March 27, 2012, MSA managed approximately \$1.271 billion of assets, comprised of approximately \$712 million on a discretionary basis and the balance under non-discretionary relationships. Discretionary assets include several investment entities managed by MSA with non-discretionary advisory clients as investors, so the nominal amount of discretionary assets is higher than \$712 million, which figure is net of the non-discretionary clients’ capital invested in the discretionary entities.



Fees and Compensation

Management Fees

MSA charges management fees on a calendar quarter basis, in arrears, at a rate of up to 1.5% annually / 0.375% per quarter of the value of assets under management, as that term is defined in the investment management agreements between MSA and its clients. The rate of management fees is negotiable, but with the exception of one relationship, clients pay 1% annually. In addition, MAS charges performance-based fees of up to 10% of the gains in client portfolios, measured annually or upon the 12-month anniversary of the advisory relationship. See Performance-Based Fees and Side-By-Side Management section below for further details.

Other Fees

Under our investment management agreements, clients agree to compensate MSA for incidental portfolio management-related expenses incurred by MSA in our oversight of clients' portfolios, which expenses may include third-party accounting fees, travel expenses, legal expenses and other direct portfolio-related expenses incurred by MSA in connection with the oversight and administration of clients' portfolios. The allocation of these expenses among clients is based on the relative size of assets under management for the each client, though if expenses relate to specific clients or client assets, those expenses will be allocated directly to the relevant clients.

For non-discretionary client relationships, quarterly management fees and related expenses are billed to clients and paid separately from assets under management (i.e., not deducted from investment assets). For discretionary client relationships, fees are deducted from client assets.

MSA receives no compensation from third party fund managers, finders, placement agents fees or other parties, nor does it receive commissions from any client investments or activities.

Fees Upon Termination

MSA's engagement may be terminated with thirty (30) days prior notice to the end of the initial term or any subsequent term. MSA's engagement may also be terminated at any time for cause or otherwise by the client at his sole discretion. "Cause" is defined in detail in our



investment advisory agreements with clients, but is generally based on MSA's fraud, bad faith, gross negligence, intentional misconduct, willful malfeasance, an un-remedied failure to correct material miscalculation of fees, or a documented failure by MSA to respond to clients' inquiries regarding portfolios. In the event of any termination by the client other than for cause, the client may retain any of the investments under MSA's supervision, provided that for a period of 5 years from the date of termination, the client shall continue to pay MSA management and performance fees under the terms of the investment management agreement with respect to the retained investments. After 5 years, MSA's right to receive fees on such investments shall expire. With respect to unmarketable or illiquid investments, MSA will continue to earn management fees. With respect to performance fees on these investments, the investment advisory agreement provides a mechanism for a valuation of the investments and a performance fee as if the investment were liquidated as of the end of the five year period.

Performance-Based Fees and Side-By-Side Management

MSA charges performance-based fees of up to 10% of the gains in client portfolios, measured annually or upon the 12-month anniversary of the advisory relationship. For investments from which the investor can elect to redeem, which are funds that invest generally in publicly traded or marketable securities (for purposes of this description, "Liquid Investments"), the performance fee is based on the annual appreciation of the total of these investments. For other investments, the performance fee is based solely on realized gains during the year and not on any change in value that is unrealized (regardless of whether the unrealized amount is a gain or a loss). In each measurement year, increases or decreases in the value of the Liquid Investments are combined with any realized gains or losses in other investments to determine the amount subject to the performance fee. If a realized loss occurs during a period when the Liquid Investments have declined in value, the loss will be carried forward and applied to future performance fee calculations. (A more detailed description of this calculation is included in the investment management agreements with clients.)

Performance fees are subject to a "high water-mark" test, such that the value of the Liquid Investments must always exceed the previous value on which a performance fee was owed. The high water-mark amount is adjusted proportionately for any withdrawals from the Liquid Investments. For example:

High Water Mark:	\$1,000
Value of account before withdrawal:	\$ 500
Amount withdrawn:	\$ 250



Percentage of account value withdrawn:	50%
Adjusted High Water-Mark:	\$500 (50% of \$1,000)

In certain discretionary accounts where MSA serves as a general partner or managing member, the performance fee may take the form of a profits re-allocation to the capital account of the general partner or managing member, as opposed to a fee payment.

Investors should be aware that performance-based fee arrangements could create an incentive for MSA to recommend investments which might differ from those which would be recommended under a different fee arrangement. In addition, this arrangement may cause investors to pay a greater expense than if such fees were not charged. However, since such fees are based solely on performance, the investor would have earned gains well in excess of the incremental fee.

At this time we have two accounts that are not charged performance-fees, which account for approximately two percent of assets under management. The management of both non-performance fee accounts and performance fee accounts could create a potential to favor performance-fee accounts which may have a greater potential to generate higher fees for MSA. However, we endeavor at all times to put the interest of our clients first and as part of our fiduciary duty we take the following steps to address these conflicts:

- We disclose to investors and prospective clients in our investment advisory agreements the existence of multiple clients and that each client's portfolio may differ from others clients' portfolios, that MSA may not consider each client for every investment opportunity and that other potential conflicts of interest may exist or arise;
- We collect, maintain and document accurate, complete and relevant investor background information to ensure that investment in the subscribed Fund is appropriate for the investor's financial goals, objectives and risk tolerance and that the investor is qualified to invest;
- We have implemented written policies and procedures for fair and consistent allocation of investment opportunities among all Funds or other client accounts, subject to the Fund's/client's underlying strategy, cash availability, availability of interests in the underlying funds and other appropriate considerations;



- We periodically compare holdings and performance of all accounts with similar strategies to identify significant performance disparities and ensure all accounts have investments in all appropriate funds and opportunities. ;
- We never consider any client's fee structure when evaluating a prospective investment or allocation of an investment opportunity to any clients.
- We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940.

Types of Clients

MSA's clients consist exclusively of high net worth individuals and families, and their related private charitable foundations, trusts and other entities. MSA generally requires clients to place at least \$10 million under our advisory relationship.

Methods of Analysis, Investment Strategies and Risk of Loss

MSA selects its investments based on the investment styles, strategies, geographic and segment allocations, and organizational integrity of the underlying managers of the funds in which we recommend investing. In addition, we perform a rigorous quantitative and qualitative analysis of past performance to understand the factors behind returns. We believe we can identify managers who have the ability, over time, to compound capital by garnering the upside in markets while mitigating the downside. Our portfolios have exposure to equity and debt markets around the world, and have diversification in terms of company size, industry segments, and currency exposure. Investing in securities involves risk of loss that clients should be prepared to bear.

We do not construct portfolios to be "market neutral" or otherwise to minimize volatility. Rather, we seek to compound capital over long periods of time at rates in excess of equity market benchmarks. Given this objective, clients should realize that monthly performance will be variable and volatile, and that during any month, quarter or year the value of portfolios may decline, and may underperform relevant benchmarks. Our objective, in statistical terms, is to



capture a greater share of returns during upside periods of equity markets than the share we absorb during downside periods. We believe that the investment managers we recommend can, in the context of a portfolio, achieve this objective through security selection and measured use of shorting and hedging strategies (negative positions on either individual companies, bonds or market indexes). We also invest in funds that are less correlated to equity markets by investing in commodities, bonds and debt instruments, and other assets. We attempt to differentiate between speculation (trends or momentum such as technology stocks circa 2000 and mortgage and real estate bonds circa 2006) and fundamental long-term investment.

Our client portfolios will have a degree of risk from: (i) exposure to the performance of the equity markets around the world (ii) currency fluctuations relative to the U.S. dollar (iii) interest rates, and other macro-economic factors. In addition, the performance of client portfolios will depend on intangible factors such as the continued skill and involvement of the fund managers themselves. On an ongoing basis, we monitor all of these risks and assess all of these risk factors. We also review the operational integrity of our investment funds by validating the operational integrity of the funds, as measured by the role of independent pricing agents, custodians, and auditing firms.

Our client portfolios also have risks associated with the liquidity terms of the funds in which we invest. The underlying funds provide for the ability to redeem by the investor on a quarterly, semi-annual and in some cases annual basis, and usually require a notice period of between 30 and 90 days before the redemption date. For example, if a fund has quarterly liquidity with 90 days notice, a client must notify the fund in writing of his intention to withdraw by March 31 to redeem effective June 30. Otherwise, in this example, the client remains invested in the fund until September 30.

Disciplinary Information

There are no legal or disciplinary events, material or otherwise, that would affect a client's or prospective client's evaluation of MSA's advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

Christopher Fillo is the managing member of MSA Securities LLC, a registered broker dealer. Another employee of MSA is also a registered representative of MSA Securities LLC. As of the date hereof, MSA Securities LLC has not conducted any broker-dealer activity nor



generated any revenue. MSA Securities LLC does not buy or sell securities from clients of MSA, the registered investment advisor.

Code of Ethics, Participation in Client Transactions and Personal Trading

MSA recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its clients; (ii) its long-term business interests are best served by adherence to the principle that the interest of clients come first; and (iii) it has a fiduciary duty to its clients to act solely for their benefit. All MSA personnel must put the interests of our clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All MSA personnel must also comply with all applicable federal securities laws. Our Code of Ethics outlines the conduct expected of our personnel and includes limitations on personal trading, giving and accepting gifts and procedures covering investment by employees in the same funds and/or securities in which our clients invest. MSA will provide a copy of its Code of Ethics to any client or prospective client upon request.

MSA does not have any financial interests in the underlying investments that it recommends to clients. MSA receives no compensation and has no pecuniary relationships with any of its clients' investments. MSA does, from time to time, form entities (LLCs, limited partnerships, etc.) in which it serves as the managing member or general partner, and in such position earns performance fees or profits allocations based on realized gains achieved by the investments. These entities are limited in their operating documents to making specific investments or specified types of investments on behalf of MSA's clients, as opposed to having broad or general mandates, and are only open to MSA's clients and not to third parties. MSA never has an economic interest in the underlying investment assets in which these entities invest, beyond the potential performance fee or profits allocation it receives under the terms of the partnership or operating agreements that govern the relevant entity. Principals and employees of MSA may invest in these entities, under the same terms and conditions as other of its clients.

Our Code of Ethics prohibits MSA and its principals and employees from investing in funds that are not first made available to its clients. MSA's principals and employees may, however, invest in the same investments (e.g. third party managed funds) in which its clients invest. Clients are made aware of any MSA principals' or employees' investment, and MSA has a duty to inform clients if it, or any of its principals or employees, redeems from any of these investments for reasons related to the investments' performance or MSA's opinion of their prospects. MSA's principals and employees may, however, add to or redeem from these investments as a matter of general portfolio management without informing clients.



Because MSA does not recommend or acquire on behalf of clients specific publicly traded stocks, bonds, or other individual securities, MSA's principals and employees may acquire for their own accounts any listed stock or securities generally available to the public at large through any securities exchange or over-the-counter markets, without advising MSA's clients of such trades. All personal brokerage accounts of all of MSA's employees and officers are reported to MSA under a compliance mandate, and all employees' accounts are subject to another employee's review to avoid conflicts of interest. If MSA becomes party to material non-public information about a publicly traded company, MSA notifies all its employees of such company and prohibits any trading in any of such company's securities.

Brokerage Practices

MSA rarely executes trades on behalf of clients through broker-dealers or recommends trades to non-discretionary clients. However, MSA may from time to time have brokerage discretion over client accounts and, in such circumstance, is responsible for directing orders to broker-dealers (excluding MSA Securities LLC) to effect securities transactions for accounts managed by the MSA. In certain situations, a client may direct the MSA to use a particular broker. In such situation, clients should be aware that MSA may or may not receive as favorable terms for each transaction as could have been obtained by seeking best execution among a number of brokers.

When the MSA selects brokers, it does so on the basis of best price and execution capability. In selecting a broker to execute client transactions, the MSA may consider a variety of factors, including: (i) prompt execution of orders, (ii) the reliability, integrity, financial condition and execution capability of the firm being considered for effecting transactions in light of the size and difficulty of executing the order, (iii) the price and (iv) the capabilities of firms to supply research services. It should be noted that MSA does not receive soft-dollar benefits from third party brokers nor does it offset or link any research services for trading or order flow.

MSA has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expenses incurred for effecting client transaction to the extent consistent with the interests and policies of the accounts. Although MSA generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than



would be the case with other transactions requiring more routine services.

Review of Accounts

MSA reviews and monitors all client accounts on a monthly basis, and continuously evaluates clients' portfolios for a variety of factors such as general equity market exposure as a percentage of capital (e.g., % long, % short, % net exposure), industry exposure, country and regional exposure, and asset class exposure. Reviews are conducted by Paul Wachter, Christopher Fillo and Alexandre Cohen. We also work with our clients' other advisors to ensure our portfolios and investments are consistent with the clients' overall asset allocation, other investment assets outside of MSA's purview, and objectives.

Clients can receive detailed performance reports on a monthly basis, and in all cases on a quarterly basis. While client portfolios may differ, and no two are identical, we attempt to enable all clients to have exposure to all of our recommendations and strategies, subject to the limitations of each client's investable assets, liquidity needs and available funds, and risk tolerance. We usually recommend some amount of re-balancing each quarter, but do not adhere to a rigid or fixed allocation model.

Client Referrals and Other Compensation

No person who is not a client provides an economic benefit to MSA for providing investment advice or advisory services to its clients. MSA does not compensate any person who is not an employee of MSA for client referrals.

Custody

For discretionary relationships, MSA ensures that third party brokers, banks, and fund administrators submit all account statements to both MSA and to the client or a client's authorized representative such as an accountant or attorney. We recommend that all clients, whether under a discretionary relationship or otherwise, review those third party statements and reconcile them against MSA's statements, which compile and aggregate all statements from all underlying investments and show various performance measures. In the case of entities in which



MSA is the managing member or general partner for multiple investors, MSA receives such statements from the custodians and fund administrators and allocates each investor their proportionate share. Investment statements for these investments are available for inspection by any client. All of these entities are also subject to the annual independent accountant surprise examination under Rule 206(4)-2 of the Investment Advisers Act of 1940 to ensure compliance with all regulations and proper valuation and asset confirmation.

Investment Discretion

MSA has discretionary authority over certain client accounts, and over the entities in which it serves as managing member or general partner. In the case of individual clients, MSA's discretion is established by either a power of attorney or a limited partnership agreement between the client and MSA. In the case of a limited partnership agreement, the consent of the limited partner is required if an investment exceeds a certain threshold amount or if the investment requires additional capital. In the case of other multi-client entities (partnerships or LLCs in which multiple advisory clients are investors), MSA's discretion is limited by the terms of the operating or partnership agreement, which usually set forth the purpose of the entity and permitted scope of its investment activity.

Voting Client Securities

In discretionary relationships, MSA has the authority to exercise the voting power of the securities owned by or on behalf of clients. Our proxy voting policy is available upon request. In general, MSA has voting authority over limited partnership interests, under discretionary relationships, in investment funds and not in corporate securities as we rarely own such investments on a direct basis. As a general practice, there are relatively few issues that are submitted to a vote of limited partners. Because MSA has no financial interest in these issuers, we can maintain objectivity in our voting decisions.

Financial Information

MSA does not require or solicit prepayment of fees six months or more in advance. There is no financial condition that is reasonably likely to impair MSA's ability to meet its contractual commitments to clients.