

# **MAIN STREET FINANCIAL SOLUTIONS, LLC**

21 Route 31 North, Suite A7  
Pennington, NJ 08534

A SEC Registered Advisory Firm<sup>1</sup>

## **Item 1 - FIRM BROCHURE, MAY 2017**

This brochure provides information about the qualifications and business practices of Main Street Financial Solutions, LLC (“Main Street Financial”). If you have any questions about the content of this brochure, please contact us at (609) 730-9222. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Main Street Financial is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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<sup>1</sup> SEC or State registration does not and should not imply any certain level of skill or training.

## **Item 2 - Material Changes**

Pursuant to SEC requirements and rules, you will receive a summary of any material changes to this brochure and subsequent brochures within 120 days of the close of our fiscal year.

Main Street Financial has made the following material changes since the last update on November 2016:

- Mr. Brett Danko has succeeded Ms. Dawn D'Orlando as CCO effective immediately.
- Item 5, "Fees and Compensation" now includes billing in arrears. Please refer to Item 5 below for more information.
- Item 12, "Brokerage Practices" now includes our relationship with TD Ameritrade. Please refer to Item 12 below for more information.
- Item 17, "Voting Client Securities" has been revised. Please refer to Item 17 below for more information.

Our brochure may be requested, free of charge, by contacting us by telephone at: (609) 730-9222 or by email at: [info@msfsolutions.com](mailto:info@msfsolutions.com)

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#### **Item 4 - ADVISORY BUSINESS**

Brett Danko is the Founder and President and majority owner of Main Street Financial. Brett Danko, CFP®, CRPC® has worked in the financial services industry for over 20 years and is a featured nationwide lecturer on matters of personal finance. He is regularly called upon by the financial services industry to provide financial planning training to top tier financial advisors and to consult on complex planning issues affecting their clients.

Main Street Financial has approximately \$554 million dollars in discretionary and \$118 million dollars on a non-discretionary basis for a total of \$672 million dollars in assets under management.

##### **Financial Planning & Consultation Services:**

Main Street Financial provides its clients with financial planning and consultation services (e.g., review of goals and objectives, analysis and recommendations for cash flow planning, asset allocation/investment planning, income tax planning, insurance planning, estate planning, retirement planning, education planning, real estate/mortgage planning, etc.). Prior to engaging Main Street Financial to provide this service, the client will generally be required to enter into Main Street Financial's *Financial Planning Agreement* setting forth the terms and conditions of the engagement, and describing the scope of the services to be provided.

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

Main Street Financial may provide discretionary or non-discretionary investment management services on a fee-only basis. Currently, Main Street Financial intends to primarily allocate investment management assets of its client accounts among various mutual funds and/or exchange-traded funds, in accordance with the investment objectives of the client. If requested by the client, Main Street Financial may recommend a broker-dealer/custodian for the client's investment management account. Factors which Main Street Financial considers in recommending a broker-dealer/custodian for the client's account includes financial strength, reputation, execution, pricing, research, and service.

##### **Other Terms & Conditions:**

Prior to engaging Main Street Financial to provide any investment management services, the client will be required to enter into a formal *Advisory Agreement* with Main Street Financial setting forth the terms and conditions under which Main Street Financial shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Both Main Street Financial's *Advisory Agreement* and the custodial/clearing agreement authorize the custodian to debit the account for the amount of Main Street Financial's investment advisory fee and to directly remit that management fee to Main Street Financial. In the event that Main Street Financial bills the client directly, payment is due upon receipt of Main Street Financial's invoice. The Investment Advisory Agreement between Main Street Financial and the client will continue in effect until terminated by either party. In the event the client terminates Main Street Financial's services, the balance of any unbilled fee, if any, shall be due and payable upon presentment.

## **Item 5 - FEES AND COMPENSATION**

### **Financial Planning & Consultation Services Fees:**

Main Street Financial's written financial plan fees range from \$600 - \$8,000 on a fixed fee basis, and will depend upon the level and scope of the services required. Typically, one-half of Main Street Financial's fees are due upon signing of the initial *Financial Planning Engagement* with the balance due upon presentment of Main Street Financial's written financial plan. Main Street Financial also provides hourly financial planning at a rate of \$300 per hour.

### **Investment Management Engagement:**

Main Street Financial's investment management fee ("Advisory Fees") is based on a percentage of assets (generally net of any debit balances) of accounts managed by Main Street Financial. Main Street Financial may charge an investment management fee of 2.0 percent, which represents the highest fee that may be charged absent special circumstances.

Main Street Financial's Advisory Fees shall also be prorated and paid quarterly in advance or arrears depending on the Advisory Account and will be calculated based on the assets under management for the period during which the Advisory Account was managed. Main Street Financial's actual fees may be negotiated and a client may pay more or less than similar clients depending on the particular circumstances of the client, which may include considerations related to size of the client's account, additional and/or differing levels of service or as negotiated.

Main Street Financial will generally recommend a broker-dealer/custodian for client's investment management assets. In addition to the investment management fee, the client may incur brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual securities transactions). In addition, the client will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Client may also incur additional investment management fees assessed by independent managers.

## **Item 6 - PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT**

Main Street Financial does not charge performance based fees.

## **Item 7 - TYPES OF CLIENTS**

Main Street Financial provides investment advisory services to the following clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates, Charitable Organizations;
- Corporations, Pension Plans & 401(k)

## **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

Main Street Financial uses an academic-based investment strategy that focuses on using multiple assets classes. A basic assumption is that markets are highly efficient most of the time and they quickly incorporate new information into security prices. Hence, investment strategies focus on using mutual funds and low-cost passively-managed exchange-traded funds. Investors are rewarded in proportion to the risk they take based on several factors: their exposure to the equity markets, their exposure to small company stocks relative to large company stocks, and their exposure to lower-priced (or value) stocks relative to higher-priced (or growth) stocks.

### **B. Risk of Loss**

Main Street Financial's methods of analysis and investment strategies do not present any significant or unusual risks.

Our investment programs have certain risks that are borne by the client. Our investment approach constantly keeps the risk of loss in mind. Clients 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 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 during periods of declining interest rates.
- 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 and complex 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.

**C. Recommendation of a Particular Type of Security**

Currently, Main Street Financial primarily allocates client investment assets among various mutual funds and/or fixed income securities, on a non-discretionary and discretionary basis in accordance with the client's designated investment objective(s).

**Item 9 - DISCIPLINARY INFORMATION**

Main Street Financial and its personnel have not been convicted, pled guilty or nolo contendere ("no contest"), been named, charged or been the subject of any order or judgment by any court of competent jurisdictions, SEC or any Self-Regulatory Organization (e.g., FINRA) for any of the following offenses:

- investments or investment related business;
- fraud, false statements or omissions;
- violation of any investment related statute or regulation or SRO rules;
- wrongful taking of property, bribery, perjury, forgery, counterfeiting;
- extortion or conspiracy to commit any of these offenses.

In addition, Main Street Financial and its personnel are not the subject of any pending matters in connection with any of the above-identified offenses.

## **Item 10 - OTHER FINANCIAL INDUSTRY AFFILIATIONS**

Main Street Financial is not affiliated with any other financial institution.

### **Licensed Insurance Representatives:**

Some of Main Street Financial's Advisory Affiliates, in their individual capacities, are licensed insurance producers with Superior Cove Insurance Services, LLC, an affiliated insurance agency, and may recommend the purchase of certain insurance products to its clients. Although Main Street Financial does not sell insurance products, it permits its Advisory Affiliates as licensed insurance producers, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Main Street Financial's Advisory Affiliates recommend the purchase of insurance products and receive insurance commissions or additional compensation as a result. Such conflict is disclosed at time of sale and in this Brochure to the client.

### **Registered Representative of Broker-Dealer:**

Some of Main Street Financial's Advisory Affiliates, in their individual capacities are registered representatives of Purshe Kaplan Sterling Investments ("PKS"), an SEC registered broker-dealer and member of FINRA. Brokerage commissions may be charged by PKS to effect securities transactions and thereafter, a portion of these commissions may be paid by PKS to Main Street Financial's Advisory Affiliates. Prior to effecting any transactions, the client will be required to enter directly into an account agreement with PKS. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. In addition, certain of Main Street Financial's Advisory Affiliates may also receive additional ongoing 12b-1 fees from mutual fund companies.

A conflict of interest exists to the extent that the Main Street Financial recommends the purchase of securities wherein its Advisory Affiliates receive commissions or other additional compensation as a result of clients purchasing securities based upon such recommendations.

For ERISA Accounts, Main Street Financial will offset its advisory fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Main Street Financial's Advisory Affiliates in their individual capacities as registered representatives of PKS.

## **Item 11 - CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Main Street Financial or related persons may own an interest in, or buy and sell for their own account, the same securities that may also be held, purchased or sold in client accounts. In all cases, clients' orders are given priority. In no case shall the adviser or associate receive a better price or more favorable circumstance than a client. In some cases the adviser may buy or sell a specific security for their own account, which the adviser does not consider appropriate for client accounts.

Main Street Financial has implemented an investment policy relative to personal securities transactions. This investment policy is part of Main Street Financial's overall Code of Ethics which serves to establish a standard of business conduct for all of Main Street Financial's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.



In accordance with Section 204A of the Investment Advisers Act of 1940, Main Street Financial also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Main Street Financial or any person associated with Main Street Financial.

## **Item 12 - BROKERAGE PRACTICES**

### **The Custodian and Brokers We Use**

Main Street Financial does not maintain custody of your assets that we manage (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (*see Item 15 Custody, below*). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. A custodian we recommend that our clients use is Charles Schwab & Co., Inc. (Schwab) as well as TD Ameritrade, Pershing & SEI also qualified custodians. We are independently owned and operated and not affiliated with any qualified custodians. The qualified custodians will hold your assets in a brokerage account and buy and sell securities when we/you instruct them to. While we recommend that you use any of the aforementioned custodians as custodian/broker, you will decide whether to do so and open your account with the qualified custodians by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at the qualified custodians, we can still use other brokers to execute trades for your account, as described in the next paragraph.

### **How We Select Brokers/Custodians to Recommend**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

### **Schwab, Your Custody and Brokerage Costs**

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

Schwab's commission rates applicable to our client accounts were negotiated based on our commitment to maintain our clients' assets statement equity in accounts at Schwab.

This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be if we had not made the commitment. In addition to commissions or asset-based fees Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Here is a more detailed description of Schwab’s support services:

Services that Benefit You. Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or some substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients’ accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

### **1. Research and Other Soft Dollar Benefits:**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Main Street Financial may receive from a broker-dealer/custodian (or a mutual fund company), without cost (and/or at a discount) support services and/or products, certain of which assist Main Street Financial to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Main Street Financial may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Main Street Financial in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received assist Main Street Financial in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Main Street Financial to manage and further develop its business enterprise.

Main Street Financial's clients do not pay more for investment transactions effected and/or assets maintained at a particular broker-dealer/custodian as a result of this arrangement. There is no corresponding commitment made by Main Street Financial to any particular broker-dealer/custodian or to any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Under certain mutually agreed upon provisions, Schwab Advisor Services ("Schwab") offered assistance to Main Street Financial in order to better develop its relationships with its clients by making certain clients' transition to Schwab a smooth one. As such, a formal agreement between Schwab and Main Street Financial was executed regarding the reimbursement of Transfer of Account Exit Fees for an approximate value of no more than \$22,750. These funds will be used towards the fees our clients' accounts will bear if the assets of those accounts are transferred to Schwab. This Agreement was based on the expectation that James Beville, CFP will have an additional \$75 million in end client statement equity in Schwab client accounts within the next twelve months.

### **2. Brokerage for Client Referrals:**

Main Street Financial 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 Main Street Financials services

which include custody of securities, trade execution, clearance and settlement of transactions.

Main Street Financial receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, Main Street Financial participates in TD Ameritrade's institutional customer program and Main Street Financial may recommend TD Ameritrade to Clients for custody and brokerage services.

There is no direct link between Main Street Financial's participation in the program and the investment advice it gives to its Clients, although Main Street Financial receives 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; consulting services; access to a trading desk serving Main Street Financial 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 Main Street Financial by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Main Street Financial's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Main Street Financial but may not benefit its Client accounts. These products or services may assist Main Street Financial in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Main Street Financial manage and further develop its business enterprise. The benefits received by Main Street Financial 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, Main Street Financial endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Main Street Financial or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Main Street Financial's choice of TD Ameritrade for custody and brokerage services.

Main Street Financial also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Main Street Financials participating in the program. Specifically, the Additional Services include Morningstar.

TD Ameritrade provides the Additional Services to Main Street Financial in its sole discretion and at its own expense, and Main Street Financial does not pay any fees to TD Ameritrade for the Additional Services. Main Street Financial and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Main Street Financial's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Main Street Financial, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Main Street Financial's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Main Street Financial, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional

Services from TD Ameritrade, Main Street Financial may have an incentive to recommend to its Clients that the assets under management by Main Street Financial be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade.

Main Street Financial'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.

### **3. Directed Brokerage:**

Main Street Financial does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Main Street Financial will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Main Street Financial. As a result, 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.

Please Note: In the event that the client directs Main Street Financial to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Main Street Financial.

## **Item 13 - REVIEW OF ACCOUNTS**

Account reviews are conducted on an ongoing basis by Main Street Financial's Chief Compliance Officer, Brett Danko. All investment management clients are required to discuss their investment objectives, needs and goals and to keep Main Street Financial informed of any changes. All clients are encouraged to meet at least annually with Main Street Financial to comprehensively review financial planning issues, including investment objectives and performance.

## **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

If a client is introduced to Main Street Financial by either an unaffiliated or an affiliated solicitor, Main Street Financial may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Main Street Financial's investment management fee, and shall not result in any additional charge to the client.

If the client is introduced to Main Street Financial by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Main Street Financial's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Main Street Financial and the solicitor, including the compensation to be received by the solicitor from Main Street Financial.

### **Item 15 - CUSTODY**

Main Street Financial does not maintain custody of client assets. All client assets are custodied with nationally recognized, SEC registered and FINRA member broker-dealer/custodians. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian of the client accounts.

Clients should review those account statements promptly.

### **Item 16 - INVESTMENT DISCRETION**

Main Street Financial provides Main Street Financial services on both a discretionary and non-discretionary basis. As such, prior to engaging Main Street Financial to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Main Street Financial setting forth the terms and conditions under which Main Street Financial shall manage client's assets.

### **Item 17 - VOTING CLIENT SECURITIES**

Main Street Financial has accepted, and in the future will continue to accept, the authority to vote our clients' securities. As such, we have adopted policies and corresponding procedures to comply with Rule 206(4)-6 promulgated under the Advisers Act and with our fiduciary obligations (the "Proxy Voting Policies"). The Proxy Voting Policy applies to voting securities held by our Clients and has been designed to ensure that we vote proxies in the best interest of our Clients.

For most matters, our policy is not to vote a proxy if we believe the proposal is not adverse to the best interest of our Clients or, if adverse, the outcome of the vote is not in doubt in order to avoid the unnecessary expenditure of time and the cost to review the proxy materials in detail and carry out the vote. In the situations where we do vote a proxy, our primary objective is to make decisions in the best interest of our Clients. In fulfilling our obligations to our Clients, we will act in a manner deemed to be prudent and diligent to enhance the economic value of the underlying securities held by each of our Clients. In acting upon these matters on behalf of our Clients, we will seek to avoid material conflicts of interest between our interests and the interests of our Clients.

A member of our senior management will be responsible for making voting decisions with regard to all of our Clients' proxies. When voting proxies, or determining not to vote, some, but not all, of our considerations include:

- the view and opinion of management of the portfolio companies in which our Client holds a position and the effect of management's position on the value of our Client's investment;
- with regard to corporate governance matters, the purpose underlying the Client's investment position, including the investment horizon and the current or planned ownership position and degree of our involvement, on behalf of our Client, in management;
- with regard to proposals related to stock option plans and other management compensation issues, the portfolio company's need to recruit and retain highly qualified individuals in competitive labor markets and the relevant industry standards and practices;

- the purpose of proposed changes to the capital structure of a portfolio company and the likely effect of the change on the Client's investment; and
- with regard to proposals related to social and corporate responsibility, we will generally defer to company management, but will not support any proposals that may conflict with the portfolio company's ability to maximize long-term profits or may have an adverse effect on our Client's investment.

When deciding whether and how to vote proxies, certain conflicts of interest may arise. For example, portfolio companies in which different Clients are invested may be competing for or involved in similar transactions, investments, lines of business, or types of research. Voting a proxy with regard to one Client's portfolio company may adversely affect the prospects or business of another Client's portfolio company. Because we serve as investment advisers to several Clients, a proxy vote in one manner may benefit one Client and a proxy vote in the same manner would adversely affect other Clients. In acting upon these matters on behalf of our Clients, we will seek to avoid material conflicts between our interests on the one hand and the interests of our Clients on the other. In addition, each Client's organizational documents may include provisions for the identification and mitigation of conflicts of interest.

If a Client has authorized us to vote proxies on its behalf, we will generally not accept instructions from the Client regarding how to vote on a particular proxy or solicitation. We will maintain proper records in connection with our Proxy Voting Policies, as required under the Advisers Act. Our Clients can obtain a copy of our Proxy Voting Policy and how we voted their securities from us at (609) 730-9222.

### **Item 18 - FINANCIAL INFORMATION**

Based upon Main Street Financial's business practices, use of a qualified custodian and Main Street Financial fee procedures, the SEC does not require the disclosure of financial information. Please be advised that there are no known financial conditions that would impair Main Street Financial's ability to meet contractual commitments to clients.

Main Street has not been the subject of any bankruptcy petition or filing.