

Registered as: **The Main Street Group, LTD**



# The Main Street Group

*Independent Wealth Manager*

## **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 30, 2018**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of The Main Street Group, LTD (or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (804) 270-4470 or by email at [cbbuchanan@themainstreetgroup.com](mailto:cbbuchanan@themainstreetgroup.com).

The Main Street Group is a registered investment advisor located in the Commonwealth of Virginia. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about The Main Street Group to assist you in determining whether to retain the Advisor.

Additional information about The Main Street Group and its advisory persons is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 175502.

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## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of The Main Street Group. For convenience, we have combined these documents into a single disclosure document.

The Main Street Group believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. The Main Street Group encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have. And of course, we always welcome your feedback.

### Material Changes

The following material changes have been made to this Disclosure Brochure since the last filing (3/29/2018):

- As of 12/2017, LPL Financial LLC | CRD No. 6413 (LPL) is no longer the qualified custodian for advisory assets. Instead advisory assets are now held with Charles Schwab & Company, Inc. ("Schwab") and National Financial Services LLC (NFS).
- As of 12/2017, investment advisor representatives of The Main Street Group are no longer registered representatives of LPL Financial LLC, a FINRA/SIPC member broker/dealer. Instead they are registered representatives of Kestra Investment Services, LLC | CRD No. 42046 (Kestra), a FINRA/SIPC member broker/dealer.
- Kestra provides various benefits and payments to Dually Registered Persons that are new to the Kestra platform to assist with the costs (including foregone revenues during account transition) associated with transitioning business to the Kestra platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the business, satisfying any outstanding debt, offsetting account transfer fees (ACATs), technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, office space expenses, staffing support and termination fees associated with moving accounts. The amount of the transition Assistance payments is often significant in relation to the overall revenue earned or compensation received from the prior firm. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives. The receipt of transition assistance creates a conflict of interest because it creates a financial incentive to encourage clients to open and/or maintain their accounts with Kestra. The types of transition assistance, explained in greater detail in Item 14, include: Transition Credit, Repayable Loan, Forgivable Loan, and an Anniversary Credit. Clients are encouraged to discuss the applicable specifics with their investment advisor representative prior to opening an account.

### Future Changes

From time to time, we will amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs. At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 175502. You may also request a copy of this Disclosure Brochure at any time, by contacting us at 804-270-4470 or by email at [cbbuchanan@themainstreetgroup.com](mailto:cbbuchanan@themainstreetgroup.com).

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## Item 4 – Advisory Services

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### A. Firm Information

The Main Street Group was formed as a corporation in 2005 by Steven G. Crawford, the current Chief Executive Officer and Chief Compliance Officer. In 2015, The Main Street Group was registered as an investment adviser in Virginia, Maryland, North Carolina, New York and Texas (conditional restricted).

- Charles Investment Advisory, Inc. (“Schwab”) and National Financial Services LLC (NFS) serve as the qualified custodians for advisory assets.
- Investment advisor representatives of The Main Street Group offer securities through Kestra Financial, Inc. | CRD No. 42046 in their individual capacity as registered representatives.

Advisor representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client.

### B. Management Team

#### Steven G. Crawford, Chief Executive Officer, Chief Compliance Officer

Steve has been in the financial services industry for over 35 years. He has numerous professional designations, including Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), Life Underwriter Training Council Fellow (LUTCF) Certified Funds Specialist (CFS), Accredited Estate Planner (AEP), Professional Plan Consultant (PCP). Steve also holds his Bachelor of Arts, *cum laude*, Lynchburg College, CERTIFIED FINANCIAL PLANNER™ designation from the College for Financial Planning, Chartered Life Underwriter designation from the American College, Chartered Financial Consultant designation from the American College and is pursuing his Masters in Theology from the Baptist Theological Seminary at Richmond.

#### Carol Beth Buchanan, President

Carol Beth is a native of Chesterfield County. She has been a client of The Main Street Group for many years, and in 2010, joined the firm. She has over a decade of marketing experience with companies around Richmond. In 2000, she earned her real estate license, and still maintains an active license with Long and Foster. At The Main Street Group, Carol Beth manages the firm’s finances and day-to-day operations. She also assists with compliance issues and ensures that the advisors are keeping appropriate records. Carol Beth holds her Bachelor of Business Administration from The College of William and Mary and her Master of Business Administration from the University of Richmond. Outside of the office, Carol Beth enjoys reading, tennis, and quilting, as well as keeping up with her active family.

### C. Advisory Services Offered

The Main Street Group provides fee based investment advisory services for compensation primarily to individual clients and high-net worth individuals based on the individual goals, objectives, time horizon, and risk tolerance of each client. Portfolio management services include, but are not limited to, the following:

Investment Strategy  
Personal Investment Policy

Asset Allocation  
Asset Selection

Risk Tolerance  
Regular Portfolio Monitoring

#### Asset Management Services

The Main Street Group provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and related advisory services. The Main Street Group works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. The

Main Street Group will then construct a portfolio, consisting of low-cost, diversified mutual funds and/or exchange-traded funds ("ETFs") as well as equities to achieve the client's investment goals. The Advisor may also utilize individual stocks, bonds or options contracts to meet the needs of its Clients. The Advisor may retain certain types of investments based on a Client's legacy portfolio construction. The Main Street Group's investment strategy[ies] is primarily long-term focused, but they may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the client or due to market conditions. The Main Street Group will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance.

The Main Street Group evaluates and selects investments for inclusion in each client portfolio only after applying its internal due diligence process. The Main Street Group may recommend, on occasion, redistributing investment allocations to diversify the portfolio. The Main Street Group may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. The Main Street Group may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

If the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or, in the case of an oral contract, otherwise signified their acceptance, any other provisions of this contract notwithstanding.

- A minimum account value of \$5,000 is required for The Main Street Group to implement its asset management services.
- Under certain circumstances, The Main Street Group may accept or maintain custody of Client's funds or securities. Please see Item 15 for more information.

### **Automated Investment Platform**

The Main Street Group offers portfolio management services through Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (the "program" and "SWIA," respectively). Through the Program, we offer clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds ("ETFs") and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at SWIA's affiliate, Charles Schwab & Co., Inc. ("CS&Co"). We are independent of and not owned by, affiliated with, or sponsored or supervised by SWIA, CS&Co or their affiliates (together, "Schwab").

- The Main Street Group (not Schwab) is the client's investment advisor and primary point of contact with respect to the Program.
- The Main Street Group (not Schwab), is solely responsible for determining the appropriateness of the Program, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. SWIA's role is limited to delivering the Program Disclosure Brochure to clients and administering the Program so that it operates as described in the Program Disclosure Brochure.

We have contracted with SWIA to provide us with the technology platform and related trading and account management services for the Program. This platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The

System includes an online questionnaire that helps The Main Street Group determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

### **Financial Planning Services**

As part of our financial planning services, The Main Street Group, through its investment advisor representatives, may provide personal financial planning tailored to the individual needs of the client. A particular client's financial plan will include the relevant types of planning specific to their needs and objectives such as:

- **Retirement** – Planning an investment strategy and reviewing current plans – including 401K plans – to provide inflation-adjusted income for life.
- **College / Education** – Planning to pay the future college / education expenses of a child or grandchild.
- **Major Purchase** – Evaluating the pros and cons of home ownership verses renting, as well as buying or leasing a car, for example.
- **Divorce** – Planning for the financial impact of divorce such as change in income, retirement benefits and tax considerations. Providing alternatives to collaborative divorce attorneys to reapportion joint assets
- **Insurance Needs** – Planning for the financial needs of survivors to satisfy such financial obligations as housing, dependent child care, spousal arrangements and education.
- **Final Expenses** – Planning to leave assets to cover final expenses such as funeral, debts and potential business continuity. Assisting executors and trustees with the probate and estate settlement process.
- **Estate Planning** – Focusing on the most efficient and tax friendly option to pass on an estate to a spouse, other family members or a charity.
- **Cash Flow/ Budget Planning** – Managing expenses against current and projected income.
- **Wealth Accumulation** – Planning to build wealth within a portfolio that takes into consideration risk tolerance and time horizon.
- **Business Succession** – Planning for the continuation of a business in as smooth a transition as possible with the use of buy-sell agreements, key-person insurance, engaging independent legal counsel as needed.
- **Tax Planning** – Planning a tax-efficient investment portfolio to maximize deductions and offsetting losses.
- **Investment Planning** – Planning an investment strategy consistent with a particular objectives, time horizons and risk tolerances.
- **Age Wave Planning** – Assisting with the design of long-term care plans, providing an educational resource for caregivers and assisting with downsizing, senior living arrangements, LTC insurance claims and other age-appropriate planning.



Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You should also be aware that our financial plans may contain certain assumptions with respect to interest and inflation rates, along with past trends and performance of the market and economy. Past performance is in no way an indication of future performance. You must promptly notify our firm if your financial situation, goals, objectives, or needs change. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. Fees for such services are negotiable and detailed in the client agreement.

The financial plan may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the Client to purchase given his/her financial situation and objectives. The Client is under no obligation to act upon the investment adviser's recommendation or purchase such securities through The Main Street Group and the IAR. However, if the Client desires to purchase securities or advisory services in order to implement his/her financial plan, The Main Street Group may make a variety of products and services available through its IARs. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to The Main Street Group and the IAR.

The Main Street Group may refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may or may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a conflict between the interests of the Advisor and the interests of the Client. For example, a recommendation to engage the Advisor for investment management services or to increase the level of investment assets with the Advisor would pose a conflict, as it would potentially increase the advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or to maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to effect the transaction through the Advisor.

#### **Hourly Consulting Services**

The Main Street Group, through its investment advisor representatives, may provide consulting services including, as selected by the client in the consulting agreement, advice regarding tax planning, investment planning, retirement planning, estate planning, cash flow/budget planning, business planning, education planning, and personal financial planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. The investment advisor representatives may or may not deliver to the client a written analysis or report as part of the services. The investment advisor representatives tailor the hourly consulting services to the individual needs of the client based on the investment objective chosen by the client. The engagement terminates upon final consultation with the client. Fees for such services are negotiable and detailed in the client agreement.

#### **Retirement Plan Consulting**

Investment advisor representatives of The Main Street Group may assist clients who are trustees or other fiduciaries to retirement plans ("Plans") by providing fee-based consulting and/or advisory services. Investment advisor representatives may perform one or more of the following services, as selected by the client in the client agreement:

- Assisting in the preparation or review of an investment policy statement ("IPS") for the Plan based upon consultation with client to ascertain Plan's investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.
- Monitoring of investment manager(s) or investments in relation to the criteria specified in the Plan's IPS or other written guidelines provided by the client to IAR.

- Preparing reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Recommending, for consideration and selection by client, specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Educating or training the members of the Plan investment committee with regard to various matters, including plan features, retirement readiness matters, service on the committee, and fiduciary responsibilities.
- Assisting in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, IARs may provide participants with information about the Plan, which may include information on the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.

If the Plan makes available publicly traded employer stock ("company stock") as an investment option under the Plan, investment advisor representatives do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition, if participants in the Plan may invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, investment advisor representatives do not provide any individualized advice or recommendations to the participants regarding these decisions. Furthermore, investment advisor representatives do not provide individualized investment advice to Plan participants regarding their Plan assets.

#### **D. Client Account Management**

Prior to engaging The Main Street Group to provide investment advisory services, each Client is required to enter into an agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – The Main Street Group, in connection with the Client, may establish a strategy that seeks to achieve the Client's goals and destinations. The strategy is designed to address the Client's personal goals, investment goals, and both long-term and short-term objectives.
- Asset Allocation – The Main Street Group will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and risk tolerance of risk for each Client.
- Portfolio Construction – The Main Street Group will develop a portfolio intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – The Main Street Group will provide investment management and ongoing oversight of the Client's relationship's investment portfolio.

#### **E. Wrap Fee Programs**

Certain accounts include the trading costs along with the asset management fees. Combining these costs into a single fee is considered a "Wrap Fee Program". The Main Street Group does not sponsor or serve as portfolio manager for a wrap fee account.



## F. Assets Under Management

As of March 16, 2018, The Main Street Group the assets under management are approximately:

Assets Under Management	Assets
Discretionary Assets	\$76,763,118
Non-Discretionary Assets	\$62,083,557
<b>Total</b>	<b>\$138,846,675</b>

Clients may request more current information at any time by contacting the Advisor.

## Item 5 – Fees and Compensation

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into a written agreement with the Advisor.

### A. Fees for Advisory Services

#### Asset Management

The account fee charged to a client for asset management is negotiable, subject to a maximum of 2.0% but generally follows the below schedule.

Assets under Management	Annual Fee %
Less than \$1,000,000	1.25% - 2.0%
\$1,000,000 - \$5,000,000	1%
\$5,000,000 +	.5%

Fees will vary by engagement based on several factors, including: the scope and complexity of the services to be provided, the level of assets to be managed, the overall relationship, number of objectives, specific reporting requirements, portfolio restrictions and other complexities.

#### Automated Investment Platform

Clients do not pay fees directly, but clients are charged a fee for services which are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees as part of the Program. Schwab does receive other revenues in connection with the Program, as described in the Program Disclosure Brochure.

The Main Street Group does not pay SWIA fees for its services in the Program so long as we maintain \$100 million in client assets in CS&Co accounts that are not enrolled in the Program. If The Main Street Group does not meet this condition, then we pay SWIA an annual fee of 0.10% (10 basis points) on the value of our clients' asset in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

#### Financial Planning Services

Fees for financial planning are charged on an hourly or fixed fee basis. The fee will be based on the type of services to be provided, investment experience, complexity and expertise required. The maximum hourly fee to be charged any client will not exceed \$400 without extenuating circumstances and approval by the Chief Compliance Officer. Fixed fees generally range from \$500 to \$5,000. Depending on the complexity of a plan fees may exceed \$5,000.

#### Retirement Plan Consulting

The fee for Retirement Plan Consulting will not exceed 2% of plan assets under management. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. The fee-paying arrangement for Retirement Plan Consulting will be outlined in a

separate agreement and generally based on the percentage of assets under management at the end of the previous quarter end, billed in advance.

## **B. Fee Billing**

### **Investment Management Services**

Investment advisory fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s].

- $90 \text{ days} \times [\text{Average Daily Value} \times \text{Advisory Fee}] / 360 = \text{QUARTERLY arrears billing}$
- $30 \text{ days} \times [\text{Average Daily Value} \times \text{Advisory Fee}] / 360 = \text{MONTHLY arrears billing}$

The investment advisory fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. All securities held in accounts managed by The Main Street Group will be independently valued by the designated Custodian. The Main Street Group will not have the authority or responsibility to value portfolio securities.

- An independent custodian sends statements to clients at least quarterly showing the market values for each security included in the Assets and all disbursements in an account including the amount of the advisory fees paid to The Main Street Group. Clients provide authorization permitting The Main Street Group to be directly paid by these terms.
- The independent custodian is responsible for calculating and deducting advisory fees from client accounts. Client will provide the independent custodian with written authorization to deduct fees and pay the advisory fees to The Main Street Group. The advisory fee is paid directly by the independent custodian to The Main Street Group (not the individual). The Main Street Group will then share the advisory fee with its advisors/associated persons.

### **Financial Planning Services**

Fees are generally charged 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

## **C. Other Fees and Expenses**

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm through which the trades are placed. Also, clients will pay the following separately incurred expenses, of which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

The Main Street Group and investment adviser representatives have an incentive to recommend investment products based on the compensation received, rather than on client's needs. The Main Street Group and investment adviser representatives also have a fiduciary duty to act in the best interest of clients.

In addition, all fees paid to The Main Street Group for investment advisory services or part of The Main Street Group Wrap Fee Program are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses generally will be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of The Main Street Group, but would not receive the services provided by The Main Street Group which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by

The Main Street Group to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

#### **D. Advance Payment of Fees and Termination**

##### Investment Management Services

The Main Street Group is compensated for its services at the end of the quarter after investment advisory services are rendered. Either party may terminate the investment advisory agreement by providing advance written notice to the other party. The Client may terminate the investment advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior approval.

##### Financial Planning Services

The Main Street Group requires an advance deposit as described above. Either party may terminate the financial planning agreement by providing advance written notice to the other party. The Client may terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate or in the case of a fixed fee engage, the percentage of the engagement scope completed by The Main Street Group. The Main Street Group will refund any unearned, prepaid planning fees from the effective date of termination. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior approval.

#### **E. Compensation for Sales of Securities**

Certain investment advisor representatives are also registered representatives of Kestra Financial, Inc. ("Kestra"). Kestra is a registered broker-dealer (CRD No. 42046) member FINRA, SIPC. In his/her separate capacity as a registered representative of Kestra certain investment advisor representatives of The Main Street Group are able to offer securities. In such instances, the registered representative will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by the Advisory Person in his/her capacity as a registered representative is separate and in addition to the Advisor's fees. This practice presents a conflict of interest because the investment advisor representative who is also a registered representative has an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on the Client. However, investment advisor representatives have a fiduciary duty to act in a client's best interest.

- Clients are not obligated to implement any recommendation provided by the Advisor or Advisory Persons.
- The Main Street Group will not earn ongoing investment advisory fees in connection with products or services implemented in an investment advisor representative's separate capacity as a registered representative.

#### **F. Compensation for Sales of Insurance Products**

Certain investment advisor representatives are also licensed as independent insurance professionals. As independent insurance professionals, they earn commission-based compensation for selling insurance products. Insurance commissions earned are separate and in addition to advisory fees. This practice presents a conflict of interest because the person providing investment advice on behalf of The Main Street Group and is also an insurance agent has an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely meeting your needs. However, investment advisor representatives have a fiduciary duty to act in a client's best interest.

- Clients are under no obligation to purchase insurance products through an investment advisor representatives of The Main Street Group acting in their individual capacity as an insurance agent.

## Item 6 – Performance-Based Fees and Side-By-Side Management

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Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. The Main Street Group does not charge performance-based fees.

The Main Street Group does not participate in side-by-side management, where an advisor manages accounts that are both charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or fixed fee or an asset-based fee.

## Item 7 – Types of Clients

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The advisory services offered by The Main Street Group are available for individuals, individual retirement accounts ("IRAs"), banks and thrift institutions, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

However, the firm generally provides investment advice to individuals and high net worth individuals. The firm is currently not working with other types of clients or pursuing them as prospects but would not turn away any opportunities that may arise.

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

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### A. Methods of Analysis

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to his/her specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, it is subject to review and rebalancing based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The firm uses a combination of multiple forms of analysis in order to formulate investment advice when managing assets. Depending on the analysis, the firm will implement a long or short term trading strategy based on the particular objectives and risk tolerance the client.

- **Fundamental Analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.
- **Technical Analysis** involves the analysis of past market data, primarily price and volume. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.
- **Cyclical Analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

- **Charting Analysis** involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which are used to predict future price movements based on price patterns and trends.
- **Long-Term Purchases** are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short-Term Purchases** are securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- **Options Trading/Writing** is a securities transaction that involves buying or selling (writing) an option. If you write an option and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price regardless of the market value. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value. Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

As noted above, The Main Street Group generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. The Main Street Group typically will hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, The Main Street Group may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. The Main Street Group will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations. A comprehensive list of risks to consider include:

- **Market Risk** – the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk** – the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** – the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

- **Business Risk** – the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. Generally speaking, all businesses in the same industry have similar types of business risk. More specifically, business risk refers to the possibility that the issuer of a particular company stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds.
- **Taxability Risk** – the risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned.
- **Call Risk** – the risk specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bond issues with higher coupons and replace them on the bond market with issues with lower interest rates.
- **Inflationary Risk** – the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.
- **Liquidity Risk** – the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.
- **Reinvestment Risk** – the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.
- **Social/Political** – the possibility of nationalization, unfavorable government action or social changes resulting in a loss of value.
- **Legislative Risk** – the risk of a legislative ruling resulting in adverse consequences.
- **Currency/Exchange Rate Risk** – the risk of a change in the price of one currency against another.

There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

#### **Types of Investments (Examples, not limitations)**

- **Mutual Funds** – a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.
  - **Open-End Mutual Funds** – a type of mutual fund that does not have restrictions on the amount of shares the fund will issue and will buy back shares when investors wish to sell. Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.
  - **Closed-End Mutual Funds** – a type of mutual fund that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange. Clients should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.



- **Alternative Strategy Mutual Funds** – Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.
- **Unit Investment Trust (UIT)** – An investment company that offers a fixed, unmanaged portfolio, generally of stocks and bonds, as redeemable "units" to investors for a specific period of time. It is designed to provide capital appreciation and/or dividend income. UITs can be resold in the secondary market. A UIT may be either a regulated investment corporation (RIC) or a grantor trust. The former is a corporation in which the investors are joint owners; the latter grants investors proportional ownership in the UIT's underlying securities.
- **Equity** – investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environment.
- **Exchange Traded Funds (ETFs)** – an ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.
- **Exchange-Traded Notes (ETNs)** – An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.
- **Fixed Income** – investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

- **Options** – Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.
- **Options Trading/Writing** – is a securities transaction that involves buying or selling (writing) an option. If you write an option and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.
- **Structured Products** – Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.
- **Hedge Funds and Managed Futures** – Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.
- **Annuities** – are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

- **Variable Annuities** – If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- **Non-U.S. Securities** – present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.
- **Margin Accounts** – Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.
- **Long-Term Purchases** – are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Past performance is not a guarantee of future returns. Investing in securities and other investments involves a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.

## Item 9 – Disciplinary Information

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm's management. Any such disciplinary information for the company and the company's investment advisor representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>.

There are no legal or disciplinary events to disclose.

## Item 10 – Other Financial Industry Activities and Affiliations

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### Broker-Dealer Affiliation

As noted in Item 5, certain investment advisor representatives are also registered representatives of Kestra Financial, Inc.

### Insurance Agency Affiliations

As noted in Item 5, Certain investment advisor representatives are also licensed as independent insurance professionals.

## Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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### A. Code of Ethics

The Main Street Group has implemented a Code of Ethics (the "Code") that defines our fiduciary commitment to each Client. This Code applies to all persons associated with The Main Street Group (our "Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. The Main Street Group and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. The Main Street Group's Supervised Persons must adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics

that address employee ethics and conflicts of interest. To request a copy of our Code, please contact us at 804-270-4470 or via email at [cbbuchanan@themainstreetgroup.com](mailto:cbbuchanan@themainstreetgroup.com).

#### **B. Personal Trading with Material Interest**

The Main Street Group allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. The Main Street Group does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. The Main Street Group does not have a material interest in any securities traded in Client accounts.

#### **C. Personal Trading in Same Securities as Clients**

Owning the same securities we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by The Main Street Group requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate/OR by conducting a coordinated review of personal accounts and the accounts of the Clients. We have also adopted written policies and procedures to detect the misuse of material, non-public information.

#### **D. Personal Trading at Same Time as Client**

No person employed by us may purchase or sell a security prior to a similar transaction being implemented for an advisory account, thereby preventing an employee from benefiting from transactions placed on behalf of advisory accounts. The Main Street Group does recommend securities where there is a material financial interest.

### **Item 12 – Brokerage Practices**

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#### **A. Recommendation of Custodian[s]**

The Main Street Group does not exercise discretion over the selection of the Custodian, but The Main Street Group will recommend that Clients establish their brokerage account[s] at Kestra Financial Inc. ("Kestra"), a FINRA/SIPC member broker/dealer. As registered representatives of Kestra, investment advisor representatives of The Main Street group are limited in using other broker-dealers/custodians.

The Main Street Group will recommend a custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the Custodian's offices.

Schwab Advisor Services (formerly called Schwab Institutional) provides access to institutional brokerage services or services including trading, custody, reporting and related services, many of which are not typically available to retail customers. Schwab Advisor Services also makes available various support services to help manage and/or administer client[s] accounts such as, access to a broad range of investment products, execution of securities transactions, and custody of client assets.

Schwab and/or Kestra have provided financial assistance for transitioning business to their respective platforms (collectively referred to as "Transition Assistance"). The proceeds of such transition assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the business, satisfying any outstanding debts, offsetting account transfer fees (ACATs), technology set-up fees, marketing and mailing costs, stationery and licensure transfer fees, office space expenses, staffing support and termination fees associated with moving accounts. The amount of such transition assistance is significant in relation to the overall revenue earned or compensation received at a prior

firm. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. The Main Street Group does not participate in soft dollar programs sponsored or offered by any broker-dealer. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14.

**2. Brokerage Referrals** - The Main Street Group does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where The Main Street Group will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the Custodian, The Main Street Group will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated Custodian.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. The Main Street Group will execute its transactions through an unaffiliated broker-dealer selected by the Client. The Main Street Group may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by the Chief Compliance Officer of The Main Street Group. Formal reviews are generally conducted at least annually or more frequently by an investment advisor representative depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client should notify The Main Street Group if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the trustee or Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and his/her account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The



Advisor may also provide Client with periodic reports regarding their holdings, allocations, and performance.

## **Item 14 - Client Referrals and Other Compensation**

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### **A. Participation in Institutional Advisor Platform**

Schwab Advisor Services provides The Main Street Group with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$100 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For The Main Street Group client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. As a fiduciary, The Main Street Group must act in clients' best interests. The recommendation to maintain assets at Schwab may be based in part on the benefit to The Main Street Group and the availability of products and services for the benefit of The Main Street Group.

### **B. Client Referrals from Solicitors**

The Main Street Group does not engage paid solicitors for Client referrals.

### **C. Transition Assistance**

The Main Street Group has a financial incentive to recommend that clients establish brokerage accounts through Kestra and/or custodial accounts through Schwab based on bonus payments, repayable and forgivable loans and other benefits. The receipt of such compensation creates a financial incentive and a conflict of interest, which is mitigated by a fiduciary duty to act in a client's best interest.

## **Item 15 – Custody**

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The Main Street Group does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a qualified custodian. Clients are required to engage the custodian to retain their funds and securities and to direct The Main Street Group to utilize that custodian for the client's security transactions. Clients should review statements provided by the custodian and compare them to any reports provided by The Main Street Group to ensure accuracy, as the custodian does not perform this review. For more information about custodians and brokerage practices, see "Item 12 - Brokerage Practices".

## **Item 16 – Investment Discretion**

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Clients can determine to engage The Main Street Group to provide investment advisory services on a discretionary or non-discretionary basis. Prior to The Main Street Group assuming discretionary authority, the client shall be required to execute an agreement, naming The Main Street Group as the client's attorney and agent in fact, granting full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

The Main Street Group will contact the client and obtain approval prior to executing trades or allocating investment assets for any accounts where discretionary authority has not been granted.

## **Item 17 – Voting Client Securities**

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The Main Street Group does not vote client proxies but third-party money managers selected or recommended by our firm may vote proxies for clients. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact The Main Street Group at (804) 270-4470 to discuss any questions they may



have with a particular solicitation. However, third party money managers selected or recommended by our firm may vote proxies for clients. Otherwise, clients maintain exclusive responsibility for:

(1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and,

(2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Therefore (except for proxies that may be voted by a third party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

## **Item 18 – Financial Information**

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Neither The Main Street Group, nor its management, have any adverse financial situations that would reasonably impair the ability of The Main Street Group to meet all obligations to its Clients. There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has The Main Street Group been the subject of a bankruptcy petition. The Main Street Group is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$500 or more for services to be performed six months or more in advance.

## **Item 19 – Requirements for State Registered Advisors**

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### **A. Educational Background and Business Experience of Principal Officer**

Information regarding the formal education and background of the Principal Officers is included in Item 4 and their individual Form ADV 2B disclosure brochure..

### **B. Other Business Activities of Principal Officer**

The Principal Officers have additional business activities that are detailed in "Item 10 - Other Financial Activities and Affiliations".

### **C. Performance Fee Calculations**

The Main Street Group does not charge performance-based fees for its investment advisory services. The fees charged by The Main Street Group are as described in "Item 5 – Fees and Compensation" above and are not based upon the capital appreciation of the funds or securities held by any Client.

### **D. Disciplinary Information**

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. There are no legal, civil or disciplinary events that require disclosure.

### **E. Material Relationships with Issuers of Securities**

Neither The Main Street Group nor the Principal Officers of The Main Street Group have any relationships or arrangements with issuers of securities.